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FEB 21 1910

STATE OF NEW YORK



SECOND ANNUAL REPORT

OF THE

PUBLIC SERVICE COMMISSION.

SECOND DISTRICT

FOR THE YEAR ENDING DECEMBER 31, 1908

51983.

UNIFORM SYSTEMS OF ACCOUNTS

COMMISSIONERS

FRANK W. STEVENS, Chairman
THOMAS M. OSBORNE
MARTIN S. DECKER
JAMES E. SAGUE
JOHN B. OLMSTED

Volume II

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UNIFORM SYSTEM OF ACCOUNTS.

AMENDMENTS TO UNIFORM SYSTEM OF ACCOUNTS FOR RAILROAD
CORPORATIONS AS ESTABLISHED DECEMBER 16, 1907.

AMENDMENTS ADOPTED SEPTEMBER 17, 1908; EFFECTIVE
OCTOBER 1, 1908.

**STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION, SECOND DISTRICT.
At a session of the Public Service Commission, Second
District, held at the Capitol, Albany, on the 17th
day of September, 1908.**

Present:

**FRANK W. STEVENS, Chairman,
THOMAS M. OSBORNE,
MARTIN S. DECKER,
JAMES E. SAGUE,
JOHN B. OLMTED,
Commissioners.**

Ordered: 1. That the Uniform System of Accounts for expenditures for road and equipment, operating revenues, operating expenses, locomotive-miles, car-miles, and train-miles, as established for railroad corporations under the supervision of this Commission by its order made on the 18th day of December, 1907,¹ be amended as shown by Schedule A, hereto annexed.

2. That the said Uniform System of Accounts so amended shall be put in use on the 1st day of October, 1908, and be thereafter kept and used by all railroad corporations (as such corporations are defined in section 2 of the Public Service Commissions Law) owning, controlling, or operating any railroad within the jurisdiction of this Commission and on which steam is used as the motive power.

3. That all such railroad corporations shall in the annual reports to be severally made by them concerning their respective affairs and operations during the fiscal year July 1, 1908, to June 30, 1909, inclusive, classify and report their expenditures for road and equipment, their operating revenues and their operating expenses, in accordance with the said Uniform System of Accounts so amended.

4. That the Secretary of this Commission serve on each of the said corporations, persons, and associations on or before September 30, 1908, in manner prescribed by law, a copy of this order.

¹ See Annual Report 1907, Vol. 1.

SCHEDULE A.

The Classification of Expenditures for Road and Equipment shall be amended by inserting immediately after Account No. 85, Earnings and Operating Expenses During Construction, the following new account:

35½. INJURIES TO PERSONS.

This account includes all expenses incident to injuries to persons when caused directly in connection with construction of a new road; proportion of salaries and expenses of physicians and surgeons, expenses of undertakers, nursing and hospital attendance, medical and surgical supplies, artificial limbs, funeral expenses, railway and carriage fares for conveying injured persons and attendants; proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

NOTE.—This account does not include such expenses incident to injuries to persons as are properly includible in Account No. 85, "Earnings and Operating Expenses during Construction."

The Classification of Operating Revenues shall be amended as follows:

I. REVENUE FROM TRANSPORTATION.

1. FREIGHT REVENUE.

Add:

NOTE.—When a lessee company transports freight over the tracks of another carrier, it should include the entire compensation in its revenues and statistics, charging the appropriate joint facilities, expense, and rental accounts with the amounts paid to the lessor company, and the lessor company should credit the same accounts.

3. EXCESS BAGGAGE REVENUE.

Add to third line, after the words "articles, dogs, etc.," the words "incident to transportation of passengers," so that the text will read, "also packages, articles, dogs, etc., incident to transportation of passengers, usually transported," etc.

4. PARLOR AND CHAIR CAR REVENUE.

Eliminate the fourth and part of the fifth line of text, consisting of the words "the expenses of operating such cars are not separable from the expenses of operating trains," and substitute in place thereof the words "not inconsistent with the Classifications of Revenues and Expenses for Outside Operations". Eliminate the note.

7. EXPRESS REVENUE.

Eliminate from the seventh line of the text the word "should" and substitute in place thereof the word "may"; also add to the end of the sentence (eighth line of text) the words "when not inconsistent with the Classifications of Revenues and Expenses for Outside Operations"; so that the sentence will read:

"When a railroad company transacts an express business through its regular railroad organization, the earnings therefrom may be credited to this account when not inconsistent with the Classifications of Revenues and Expenses for Outside Operations."

8. OTHER PASSENGER-TRAIN REVENUE.

Add to the text at end of third line:

"Such as revenue from transportation in baggage cars of newspapers and other commodities not incident to the transportation of passengers, extra fares charged on limited trains, etc."

9. SWITCHING REVENUE.

Eliminate the text of this account and substitute the following:

"This account includes amounts earned by a carrier for moving cars locally at a station or within a switching district, between connecting lines, between local industries, or between connecting lines and local industries, for which an arbitrary charge is made, whether on the basis of a switching tariff, an allowance out of a through rate, or otherwise. To it should be charged all overcharges on account of such switching."

II. REVENUE FROM OPERATIONS OTHER THAN TRANSPORTATION.

TELEGRAPH SERVICE.

Change the title of this account to "Telegraph and Telephone Service," and modify the text to agree with the wording under that title below.

17. TELEGRAPH AND TELEPHONE SERVICE.

This account includes a carrier's revenues from commercial telegraph or telephone business transacted by it when the expense of transacting such business can not be separated from the expense of conducting the railroad telegraph or telephone service, amounts received from telegraph or telephone companies, whether proportion of earnings or otherwise, for the privilege of transacting a commercial telegraph or telephone business in offices along the carrier's lines, when the carrier furnishes some service of its employees whose wages are included in operating expenses.

NOTE.—When a telegraph or telephone company rents the telegraph or telephone line of a carrier and pays all expenses incident to its maintenance and operation, the rent received should be treated as income.

19. MISCELLANEOUS.

Add to last line of text: "Amounts received from carriers for use of facilities of union stations, union stock yards, terminal tracks, railroad bridges, railroad tunnels, and miscellaneous revenue not otherwise provided for."

Correct last line of Note to read: "be credited to appropriate joint-facilities accounts."

NEW REVENUE ACCOUNTS.

Add the following two new revenue accounts:

20. JOINT FACILITIES REVENUE — DR.

This account includes the proportion of the revenues derived by a carrier from operation of joint tracks, yards, terminals, and other facilities, creditable to other companies.

NOTE.—The purpose of this account is to show the amounts of revenue from operation of a terminal company or other carrier which, under the terms of existing contracts or agreements covering the joint use of tracks, yards, and other facilities, are credited to other carriers which participate in such joint use. The bill rendered by a creditor company against a debtor company for the latter's proportion of expenses of maintaining and operating joint facilities, which includes a credit covering the debtor company's proportion of the revenues derived from operation of such joint facilities, should indicate separately the proper distribution of both the revenues and the expenses included in the bill.

21. JOINT FACILITIES REVENUE — CR.

This account includes the carrier's proportion of revenues from operation of joint tracks, yards, terminals, and other facilities, receivable from other companies.

NOTE.—The purpose of this account is to show the amounts of revenue derived from operation of joint tracks, yards, terminals, and other facilities operated by other companies, which, under existing contracts or agreements, are credited by the operating company to the tenant companies which participate therein. The bill rendered by any creditor company against a debtor company for the latter's proportion of the expense of maintenance and operation of joint facilities, which includes also a credit covering a proportion of the revenues to be paid over, should show the distribution of the credit for such proportion of the revenue separately from the distribution of the expenses of operation.

The Classification of Operating Expenses shall be amended by giving numbers to the accounts and modifying them, as follows:

I. MAINTENANCE OF WAY AND STRUCTURES.

1. SUPERINTENDENCE.

PAY OF OFFICERS.—Add: "Pay of fire chiefs."

OFFICE AND OTHER EXPENSES.—Add: "Subscriptions to newspapers and periodicals."

AMENDMENTS ACCOUNTS FOR RAILROAD CORPORATIONS 11

2. BALLAST.

After the second line on page 25, as part of paragraph lettered (a), add:

"Also amounts paid for the right to enter upon and remove ballast from lands not owned by the carrier."

After the lettered paragraphs on page 26 add a new paragraph:

"(i) Cost of installing and operating interlocking and other signal apparatus at gravel pits."

3. TIES.

First line of text, after the word "inspection" in parentheses, add:
"And freight charges, if any."

4. RAILS.

First line of text, after the word "inspection" in parentheses, add:
"And freight charges, if any."

5. OTHER TRACK MATERIAL.

Eliminate from the list of articles chargeable to this account, third column, second item, the words

and keys.

In the first line of text, after the word "cost," insert: "(including inspection and freight charges, if any)."

Add to the list of articles on page 27:

Ball clips.

Shims.

Track insulators.

Add:

NORM A.—This account may include each month a proportion of the total amount authorized or approximated for renewals during the fiscal year regardless of the month in which the actual renewal is made.

NORM B.—When carriers operating electric divisions desire to subdivide this account, appropriate accounts as prescribed in the Classification of Operating Expenses for Electric Railroad Corporations should be used.

6. ROADWAY AND TRACK.

General Cleaning. Add: "Cleaning car-cleaning yards."

Train Service. Add: "Cost of oil for lubricating work trains."

Add:

NORM.—When carriers operating electric divisions desire to subdivide this account, appropriate accounts as prescribed in the Classification of Operating Expenses for Electric Railroad Corporations should be used.

7. REMOVAL OF SNOW, SAND, AND ICE.

Add: "Cost of oil for lubricating work trains."

8. TUNNELS.

No change further than assigning a number to the account.

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9. BRIDGES, TRETTLES, AND CULVERTS.

Add to last paragraph: "Cost of oil for lubricating work trains."

NOTE C.—Add after the word "account":

Insurance recovered for total destruction of bridges, trestles, and culverts should be credited to an appropriate suspense account, which account should be charged with the cost of replacement. If the cost of replacement is in excess of the amount of insurance recovered, the excess should be charged to this account.

Add:

NOTE D.—When carriers operating electric divisions desire to subdivide this account, appropriate accounts as prescribed in the Classification of Operating Expenses for Electric Railroad Corporations should be used.

10. OVER AND UNDER GRADE CROSSINGS.

No change further than assigning a number to the account.

11. GRADE CROSSINGS, FENCES, CATTLE GUARDS, AND SIGNS.

No change further than assigning a number to the account.

12. SNOW AND SAND FENCES AND SNOWSHEDS.

No change further than assigning a number to the account.

13. SIGNALS AND INTERLOCKING PLANTS.

OTHER EXPENSES.—Add: "Bonding rails."

14. TELEGRAPH AND TELEPHONE LINES.

Add: "Cost of oil for lubricating work trains."

Add:

NOTE B.—This account may include each month a proportion of the total amount authorized or approximated for renewals during the fiscal year regardless of the month in which the actual renewal is made.

15. ELECTRIC POWER TRANSMISSION.

Add:

NOTE.—When carriers operating electric divisions desire to subdivide this account, appropriate accounts as prescribed in the Classification of Operating Expenses for Electric Railroad Corporations should be used.

16. BUILDINGS, FIXTURES, AND GROUNDS.

BUILDINGS.—Add: "Payments to municipalities and others for fire protection."

Add to the list:

Platforms—shop and yard.

Rest houses.

Scale houses.

OTHER EXPENSES.—Add in the parentheses after the word "salvage" in the first line of this sub-account the words "and labor expended".

GROUNDS.—Add: "Cost of oil for lubricating work trains."

AMENDMENTS ACCOUNTS FOR RAILROAD CORPORATIONS 13

NORM B.—Add after the word "account":

Insurance recovered for total destruction of buildings and fixtures should be credited to an appropriate suspense account, which account should be charged with the cost of replacement. If the cost of replacement is in excess of the amount of insurance recovered, the excess should be charged to this account.

17. DOCKS AND WHARVES.

In the third line of text, after the words "transfer bridges," insert: "and machinery used in connection therewith."

Add to last paragraph: "Cost of oil for lubricating work trains."

NORM A.—Page 37, amend to read: "Cost of maintenance of tracks, buildings, and machinery on docks, wharves, and other structures enumerated in this account should be charged to other appropriate accounts herein provided except machinery used in connection with ferry slips and transfer bridges."

18. ROADWAY TOOLS AND SUPPLIES.

Add:

Switch keys.

WORK EQUIPMENT—REPAIRS.

WORK EQUIPMENT—RENEWALS.

WORK EQUIPMENT—DEPRECIATION.

These primary accounts are transferred to the general account "Maintenance of Equipment," where they appear as primary accounts Nos. 43, 44, and 45.

19. INJURIES TO PERSONS.

Add: "Pay and expenses of employees and others while attending coroners' inquests or engaged as witnesses in lawsuits in connection with personal injury cases."

NORM A.—Eliminate the words "witness fees and other expenses" and substitute in place thereof the words "expenses not otherwise provided for".

20. STATIONERY AND PRINTING.

No change further than assigning a number to the account.

INSURANCE

This account is eliminated, cost of all insurance to be charged to primary account No. 110, "Insurance," under general account "General Expenses".

21. OTHER EXPENSES.

No change further than assigning a number to the account.

22. MAINTAINING JOINT TRACKS, YARDS, AND OTHER FACILITIES —DR.

No change further than assigning a number to the account.

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23. MAINTAINING JOINT TRACKS, YARDS, AND OTHER FACILITIES.—CR.

No change further than assigning a number to the account.

II. MAINTENANCE OF EQUIPMENT.

24. SUPERINTENDENCE.

Office and Other Expenses. Add: "Subscriptions to newspapers and periodicals."

25. STEAM LOCOMOTIVES — REPAIRS.

Add: "Cost of repairs to the locomotive feature of motor cars (other than electric) engaged in revenue service."

Add: "Metallic packing."

26. STEAM LOCOMOTIVES — RENEWALS.

No change further than assigning a number to the account.

27. STEAM LOCOMOTIVES — DEPRECIATION.

Revise the text of this account to read:

This account includes a monthly charge representing depreciation on steam locomotives. This monthly charge should be computed at the appropriate rate per cent on the original cost (estimated if not known), record value, or purchase price of such steam locomotives. Charges should be made to this account during the life of the steam locomotives, except in cases of steam locomotives which attain to greater than a normal life; in such a case charges should cease when the difference between the original cost, record value, or purchase price and the estimated scrap value shall have been charged to this account. In case of steam locomotives prematurely retired, charges to this account should cease with the charges for the month in which such retirement occurs. The sum of the monthly charges during any fiscal year should equal the estimated depreciation during that year.

NOTE A.—When steam locomotives are prematurely retired, the value (less salvage) not previously taken up through charges to this account should be charged, in the accounts for the months in which retired, to Account No. 26, "Steam Locomotives—Renewals," as provided in the text therefor.

NOTE B.—The sum of the monthly charges to this account should equal the value lost through depreciation in respect to a particular steam locomotive, and together with the charge to "Steam Locomotives—Renewals" and value of salvage or amount received from sale, should provide a reserve for replacement of the steam locomotive when retired.

28. ELECTRIC LOCOMOTIVES — REPAIRS.

No change further than assigning a number to the account.

29. ELECTRIC LOCOMOTIVES — RENEWALS.

No change further than assigning a number to the account.

30. ELECTRIC LOCOMOTIVES — DEPRECIATION.

Revise the text of this account to read:

This account includes a monthly charge representing depreciation on electric locomotives. This monthly charge should be computed at the appropriate rate per cent on the original cost (estimated if not known), record value, or purchase price of such electric locomotives. Charges should be made to this account during the life of the electric locomotives, except in cases of electric locomotives which attain to greater than a normal life; in such a case charges should cease when the difference between the original cost, record value, or purchase price and the estimated scrap value shall have been charged to this account. In case of electric locomotives prematurely retired, charges to this account should cease with the charges for the month in which such retirement occurs. The sum of the monthly charges during any fiscal year should equal the estimated depreciation during that year.

NORM A.—When electric locomotives are prematurely retired, the value (less salvage) not previously taken up through charges to this account should be charged, in the accounts for the months in which retired, to Account No. 29, "Electric Locomotives—Renewals," as provided in the text therefor.

NORM B.—The sum of the monthly charges to this account should equal the value lost through depreciation in respect to a particular electric locomotive, and together with the charge to "Electric Locomotives—Renewals" and value of salvage or amount received from sale, should provide a reserve for replacement of the electric locomotive when retired.

31. PASSENGER-TRAIN CARS — REPAIRS.

Add: "Cost of repairs to the car feature of motor cars engaged in passenger service."

NORM A.—Eliminate from the list:

Buffet,	Dining,	Parlor-baggage,
Café,	Parlor,	Tourist.

Eliminate the seventh line of text on page 46 and substitute in place thereof: "The cost of general or shop repairs of"; so that it will read —

The cost of general or shop repairs of cars, the operations of which are treated as "Outside Operations," should not be charged to this account.

32. PASSENGER-TRAIN CARS — RENEWALS.

No change further than assigning a number to the account.

33. PASSENGER-TRAIN CARS — DEPRECIATION.

Revise the text of this account to read:

This account includes a monthly charge representing depreciation on passenger-train cars. This monthly charge should be computed at the appropriate rate per cent on the original cost (estimated if not known), record value, or purchase price of such passenger-train cars. Charges

should be made to this account during the life of the passenger-train cars, except in cases of passenger-train cars which attain to greater than a normal life; in such a case charges should cease when the difference between the original cost, record value, or purchase price and the estimated scrap value shall have been charged to this account. In case of passenger-train cars prematurely retired, charges to this account should cease with the charges for the month in which such retirement occurs. The sum of the monthly charges during any fiscal year should equal the estimated depreciation during that year.

NOTE A.—When passenger-train cars are prematurely retired, the value (less salvage) not previously taken up through charges to this account should be charged, in the accounts for the months in which retired, to Account No. 82, "Passenger-train Cars—Renewals," as provided in the text therefor.

NOTE B.—The sum of the monthly charges to this account should equal the value lost through depreciation in respect to a particular passenger-train car, and together with the charge to "Passenger-train Cars—Renewals" and value of salvage or amount received from sale, should provide a reserve for replacement of the passenger-train car when retired.

34. FREIGHT-TRAIN CARS — REPAIRS.

NOTE A.—Add to list, at beginning of first column: "Ballast (when in commercial service)."

35. FREIGHT-TRAIN CARS — RENEWALS.

No change further than assigning a number to the account.

36. FREIGHT-TRAIN CARS — DEPRECIATION.

Revise the text of this account to read:

This account includes a monthly charge representing depreciation on freight-train cars. This monthly charge should be computed at the appropriate rate per cent on the original cost (estimated if not known), record value, or purchase price of such freight-train cars. Charges should be made to this account during the life of the freight-train cars, except in cases of freight-train cars which attain to greater than a normal life; in such a case charges should cease when the difference between the original cost, record value, or purchase price and the estimated scrap value shall have been charged to this account. In case of freight-train cars prematurely retired, charges to this account should cease with the charges for the month in which such retirement occurs. The sum of the monthly charges during any fiscal year should equal the estimated depreciation during that year.

NOTE A.—When freight-train cars are prematurely retired, the value (less salvage) not previously taken up through charges to this account should be charged, in the accounts for the months in which retired, to Account No. 85, "Freight-train Cars—Renewals," as provided in the text therefor.

AMENDMENTS ACCOUNTS FOR RAILROAD CORPORATIONS 17

NOTE B.—The sum of the monthly charges to this account should equal the value lost through depreciation in respect to a particular freight-train car, and together with the charge to "Freight-train Cars—Renewals" and value of salvage or amount received from sale, should provide a reserve for replacement of the freight-train car when retired.

37. ELECTRIC EQUIPMENT OF CARS — REPAIRS.

Add:

NOTE B.—When carriers operating electric divisions desire to subdivide this account, appropriate accounts as prescribed in the Classification of Operating Expenses for Electric Railroad Corporations should be used.

38. ELECTRIC EQUIPMENT OF CARS — RENEWALS.

Add:

NOTE C.—When carriers operating electric divisions desire to subdivide this account, appropriate accounts as prescribed in the Classification of Operating Expenses for Electric Railroad Corporations should be used.

39. ELECTRIC EQUIPMENT OF CARS — DEPRECIATION.

Revise the text of this account to read:

This account includes a monthly charge representing depreciation on electric equipment of cars. This monthly charge should be computed at the appropriate rate per cent on the original cost (estimated if not known), record value, or purchase price of such electric equipment of cars. Charges should be made to this account during the life of the electric equipment of cars, except in cases of electric equipment of cars which attains to greater than a normal life; in such a case charges should cease when the difference between the original cost, record value, or purchase price and the estimated scrap value shall have been charged to this account. In case of electric equipment of cars prematurely retired, charges to this account should cease with the charges for the month in which such retirement occurs. The sum of the monthly charges during any fiscal year should equal the estimated depreciation during that year.

NOTE A.—When electric equipment of cars is prematurely retired, the value (less salvage) not previously taken up through charges to this account should be charged, in the accounts for the months in which retired, to Account No. 38, "Electric Equipment of Cars—Renewals," as provided in the text therefor.

NOTE B.—The sum of the monthly charges to this account should equal the value lost through depreciation in respect to a particular electric equipment of cars, and together with the charge to "Electric Equipment of Cars—Renewals" and value of salvage or amount received from sale, should provide a reserve for replacement of the electric equipment of cars when retired.

40. FLOATING EQUIPMENT — REPAIRS.

No change further than assigning a number to the account.

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41. FLOATING EQUIPMENT—RENEWALS.

No change further than assigning a number to the account.

42. FLOATING EQUIPMENT—DEPRECIATION.

Revise the text of this account to read:

This account includes a monthly charge representing depreciation on floating equipment. This monthly charge should be computed at the appropriate rate per cent on the original cost (estimated if not known), record value, or purchase price of such floating equipment. Charges should be made to this account during the life of the floating equipment, except in cases of floating equipment which attains to greater than a normal life; in such a case charges should cease when the difference between the original cost, record value, or purchase price and the estimated scrap value shall have been charged to this account. In case of floating equipment prematurely retired, charges to this account should cease with the charges for the month in which such retirement occurs. The sum of the monthly charges during any fiscal year should equal the estimated depreciation during that year.

NORM A.—When floating equipment is prematurely retired, the value (less salvage) not previously taken up through charges to this account should be charged, in the accounts for the months in which retired, to Account No. 41, "Floating Equipment—Renewals," as provided in the text therefor.

NORM B.—The sum of the monthly charges to this account should equal the value lost through depreciation in respect to a particular floating equipment, and together with the charge to "Floating Equipment—Renewals" and value of salvage or amount received from sale, should provide a reserve for replacement of the floating equipment when retired.

43. WORK EQUIPMENT—REPAIRS.

(For original text of this account, see pages 38 and 39 of "Uniform System of Accounts, etc., for Steam Railroads," effective January 1, 1908.)

Eliminate clause on page 38, "also cost of repairing commercial cars and locomotives when assigned to and in maintenance of way service;" and amend the succeeding clause to read, "changes made in commercial cars to fit them for work service," etc.

44. WORK EQUIPMENT—RENEWALS.

No change further than assigning a number to the account and placing it in the general operating expense account "Maintenance of Equipment".

(For text of this account, see pages 39 and 40 of "Uniform System of Accounts, etc., for Steam Railroads," effective January 1, 1908.)

45. WORK EQUIPMENT—DEPRECIATION.

(For original text of this account, see page 40 of "Uniform System of Accounts, etc., for Steam Railroads," effective January 1, 1908.)

Revise the text of this account to read:

AMENDMENTS ACCOUNTS FOR RAILROAD CORPORATIONS 19

This account includes a monthly charge representing depreciation on work equipment. This monthly charge should be computed at the appropriate rate per cent on the original cost (estimated if not known), record value, or purchase price of such work equipment. Charges should be made to this account during the life of the work equipment, except in cases of work equipment which attains to greater than a normal life; in such a case charges should cease when the difference between the original cost, record value, or purchase price and the estimated scrap value shall have been charged to this account. In case of work equipment prematurely retired, charges to this account should cease with the charges for the month in which such retirement occurs. The sum of the monthly charges during any fiscal year should equal the estimated depreciation during that year.

NOTE A.—When work equipment is prematurely retired, the value (less salvage) not previously taken up through charges to this account should be charged, in the accounts for the months in which retired, to Account No. 44, "Work Equipment—Renewals," as provided in the text therefor.

NOTE B.—The sum of the monthly charges to this account should equal the value lost through depreciation in respect to a particular work equipment, and together with the charge to "Work Equipment—Renewals" and value of salvage or amount received from sale, should provide a reserve for replacement of the work equipment when retired.

46. SHOP MACHINERY AND TOOLS.

REPAIRS.—Add: "Cost of repairing electric power plants (and parts thereof) employed exclusively in connection with the operation of machinery in shops."

In the third line of this paragraph, after the word "foundries," add: "and in shops of the bridges and buildings department."

RENEWALS.—Add: "Cost of renewing electric power plants (and parts thereof) employed exclusively in connection with the operation of machinery in shops."

In the third line of this paragraph, after the word "foundries," add: "and in shops of the bridges and buildings department."

Add:

NOTE.—When carriers operating electric divisions desire to subdivide this account, appropriate accounts as prescribed in the Classification of Operating Expenses for Electric Railroad Corporations should be used.

47. POWER PLANT EQUIPMENT.

Add:

NOTE.—This account includes only the cost of repairing and renewing equipment of plants used for furnishing electric power for the propulsion of locomotives, cars, or trains.

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48. INJURIES TO PERSONS.

Add: "Pay and expenses of employees and others while attending coroners' inquests or engaged as witnesses in lawsuits in connection with personal injury cases."

NOTE A.—Eliminate the words "witness fees and other expenses" and substitute in place thereof the words "expenses not otherwise provided for".

49. STATIONERY AND PRINTING.

No change further than assigning a number to the account.

INSURANCE.

This account is eliminated, cost of all insurance to be charged to primary account No. 110, "Insurance," under general account "General Expenses".

50. OTHER EXPENSES.

No change further than assigning a number to the account.

CLEARING ACCOUNT "SHOP EXPENSES" (pages 56-59).

Add a new paragraph:

POWER.—Cost of fuel, including freight charges and handling, used in operating steam and electric power plants at shops and other places at which mechanical work is done; oil, grease, waste, and other material used in the operation of such power plants; pay of stationary engineers, firemen, electricians, coal handlers, and other employees; carbon brushes, fuses, lamps, picks, pokers, scuttles, shovels, and other small tools and supplies; cost of water and power purchased.

CLEARING ACCOUNT "STORE EXPENSES" (page 59).

No change.

Additional clearing accounts authorized:

For "Studies" by the Engineering Department.

For Stationer's Expenses.

For Power Plant Expenses.

51. MAINTAINING JOINT EQUIPMENT AT TERMINALS—DR.

No change further than assigning a number to the account.

EQUIPMENT BORROWED—DR.

This account is eliminated.

52. MAINTAINING JOINT EQUIPMENT AT TERMINALS—CR.

No change further than assigning a number to the account.

EQUIPMENT LOANED—CR.

This account is eliminated.

III. TRAFFIC EXPENSES.

53. SUPERINTENDENCE.

OFFICE AND OTHER EXPENSES.—Add: "Subscriptions to newspapers."

54. OUTSIDE AGENCIES.

No change further than assigning a number to the account.

55. ADVERTISING.

No change further than assigning a number to the account.

56. TRAFFIC ASSOCIATIONS.

No change further than assigning a number to the account.

57. FAST FREIGHT LINES.

No change further than assigning a number to the account.

58. INDUSTRIAL AND IMMIGRATION BUREAUS.

No change further than assigning a number to the account.

59. STATIONERY AND PRINTING.

No change further than assigning a number to the account.

INSURANCE.

This account is eliminated, cost of all insurance to be charged to primary account No. 110, "Insurance," under general account "General Expenses".

60. OTHER EXPENSES.

No change further than assigning a number to the account.

IV. TRANSPORTATION EXPENSES.

61. SUPERINTENDENCE.

PAY OF OFFICERS.—Add: "Chief special agents."

OFFICE AND OTHER EXPENSES.—Add: "Subscriptions to newspapers."

62. DISPATCHING TRAINS.

Add:

NOTE.—Pay of operators who also perform station service work should be charged to account "Station Employees".

63. STATION EMPLOYEES.

LABOR AT STATIONS.—Add: "Pay of employees tending switch lamps not at terminals. Payments to elevator companies for transferring grain en route; payments to other companies and individuals for loading and unloading sand and other commercial freight under contract or otherwise."

Eliminate the word "yards" in the thirteenth and sixteenth lines and substitute the word "pens," so that the text will read "stock pens" instead of "stock yards".

NOTE.—Page 67: Eliminate the letter "s" from the word "accounts" in the fifth line of the note, and eliminate the words "Stock Yards and Grain Elevators and," so that the note will read: "This account should not include the pay or expenses of telegraph and telephone operators provided for under accounts 'Dispatching Trains' and 'Telegraph and Telephone—Operation,' or pay and expenses of employees provided for under account 'Coal and Ore Docks,' or those engaged in 'Outside Operations'."

64. WEIGHING AND CAR SERVICE ASSOCIATIONS.

No change further than assigning a number to the account.

STOCK YARDS AND GRAIN ELEVATORS.

This account is eliminated, all expenses on account thereof to be classified as "Outside Operations".

65. COAL AND ORE DOCKS.

No change further than assigning a number to the account.

66. STATION SUPPLIES AND EXPENSES.

OTHER EXPENSES.—Add: "Supplies for switch lamps at points where no regular switching service is maintained; incidental expenses of station employees."

LIGHTING.—At the end of this paragraph, add: "and passenger foot bridges and subways at stations."

To the list on page 69 add:

Switch keys.

67. YARDMASTERS AND THEIR CLERKS.

No change further than assigning a number to the account.

68. YARD CONDUCTORS AND BRAKEMEN.

No change further than assigning a number to the account.

69. YARD SWITCH AND SIGNAL TENDERS.

No change further than assigning a number to the account.

70. YARD SUPPLIES AND EXPENSES.

Add: "Switch keys; lubricants for yard switches."

71. YARD ENGINEMEN.

Add:

NOTE.—When locomotives are engaged in both road and yard service the pay of enginemen should be apportioned between the Road and Yard accounts on the basis of the service rendered. This does not apply to way switching by locomotives and crews in road service, the entire pay of enginemen for which should be charged to Account No. 80, "Road Enginemen".

72. ENGINEHOUSE EXPENSES—YARD.

Add: "Pay of hostlers and helpers at roundhouses; rents paid for use of stalls in roundhouses."

In the second line, after the word "callers," insert: "(except as provided for in Account No. 67, 'Yardmasters and their Clerks')."

In the second line eliminate the word "other".

73. FUEL FOR YARD LOCOMOTIVES.

In the third line, after the words "fuel agents," insert: "fuel inspectors, weighers."

74. WATER FOR YARD LOCOMOTIVES.

Add: "Proportion of pay of superintendent of water service engaged in connection with water supply for locomotives."

Eliminate the note following this account, and in place thereof substitute the following:

NOTE.—The apportionment of cost of water as between yard and road locomotives should be based on the relative number of tons of coal used on locomotives in yard and road service.

75. LUBRICANTS FOR YARD LOCOMOTIVES.

No change further than assigning a number to the account.

76. OTHER SUPPLIES FOR YARD LOCOMOTIVES.

List, page 72. Eliminate:

 Metallic packing.

Add:

 Switch keys.

 Waste.

77. OPERATING JOINT YARDS AND TERMINALS — DR.

Revise the text of this account to read:

"This account includes a carrier's proportion of costs incurred to operate joint yards and terminals, including interlockers and other facilities at such joint yards and terminals, operated by other companies."

The text of the note remains as at present.

78. OPERATING JOINT YARDS AND TERMINALS — CR.

Revise the text of this account to read:

"This account includes the proportion of costs incurred to operate joint yards and terminals, including interlockers and other facilities at such joint yards and terminals, operated by a carrier, chargeable to other carriers."

The text of the note remains as at present.

79. MOTORMEN.

Add:

NOTE.—When carriers operating electric divisions desire to subdivide this account, appropriate accounts as prescribed in the Classification of Operating Expenses for Electric Railroad Corporations should be used.

80. ROAD ENGINEMEN.

Add:

NOTE B.—When locomotives are engaged in both road and yard service the pay of engine-men should be apportioned between the Road and Yard

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accounts on the basis of the service rendered. This does not apply to way switching by locomotives and crews in road service, the entire pay of enginemen for which should be charged to this account.

81. ENGINEHOUSE EXPENSES — ROAD.

Add: "Pay of hostlers and helpers at roundhouses; rents paid for use of stalls in roundhouses."

In the second line eliminate the word "other".

82. FUEL FOR ROAD LOCOMOTIVES.

In the third line, after the word "agents," insert: "fuel inspectors, weighers."

83. WATER FOR ROAD LOCOMOTIVES.

Add: "Proportion of pay of superintendent of water service engaged in connection with water supply for locomotives."

Eliminate the note following this account and in place thereof substitute the following:

NOTE.—The apportionment of cost of water as between yard and road locomotives should be based on the relative number of tons of coal used on locomotives in yard and road service.

84. LUBRICANTS FOR ROAD LOCOMOTIVES.

No change further than assigning a number to the account.

85. OTHER SUPPLIES FOR ROAD LOCOMOTIVES.

List, page 75: Eliminate:

Metallic packing.

Add:

Switch keys.

Waste.

86. OPERATING POWER PLANTS.

Add:

NOTE A.—This account includes only the cost of operating power plants for the purpose of furnishing electric power for the propulsion of locomotives, cars, or trains.

NOTE B.—When carriers operating electric divisions desire to subdivide this account, appropriate accounts as prescribed in the Classification of Operating Expenses for Electric Railroad Corporations should be used.

87. PURCHASED POWER.

No change further than assigning a number to the account.

88. ROAD TRAINMEN.

Add:

NOTE B.—When carriers operating electric divisions desire to subdivide this account, appropriate accounts as prescribed in the Classification of Operating Expenses for Electric Railroad Corporations should be used.

89. TRAIN SUPPLIES AND EXPENSES.

LUBRICATING CARS.—After the last word in this paragraph add: "(except work-train cars)."

ICING AND WATERING CARS.—Add: "To this account should be credited refrigeration charges collected from other companies and individuals."

OTHER EXPENSES.—Add: "Cost of removing advertisements from cars."

To the list on page 78 add:

Switch keys.

INTERLOCKERS, BLOCK, AND OTHER SIGNALS — OPERATION.

Change the title of this account to read: "Interlockers and Block and other Signals — Operation."

90. INTERLOCKERS AND BLOCK AND OTHER SIGNALS — OPERATION.

Add: "Cost of material used and labor expended in lubricating switches and signals, except those at terminals."

91. CROSSING FLAGMEN AND GATEMEN.

Add: "also amounts paid for electric lights at street crossings not at stations or in yards."

92. DRAWBRIDGE OPERATION.

No change further than assigning a number to this account.

93. CLEARING WRECKS.

TRAIN SERVICE.—Add: "Amounts paid to other companies for use of engines, derricks, other equipment, and crews on wrecking service."

94. TELEGRAPH AND TELEPHONE — OPERATION.

OPERATORS AND MESSENGERS.—Eliminate fourth line of this paragraph, consisting of the words "who also perform other station work".

95. OPERATING FLOATING EQUIPMENT.

No change further than assigning a number to the account.

96. EXPRESS SERVICE.

No change further than assigning a number to the account.

97. STATIONERY AND PRINTING.

No change further than assigning a number to the account.

INSURANCE.

This account is eliminated, cost of all insurance to be charged to primary account No. 110, "Insurance," under general account "General Expenses".

98. OTHER EXPENSES.

No change further than assigning a number to the account.

99. LOSS AND DAMAGE — FREIGHT.

Eliminate the words "but not" in parentheses in the third line of the text; eliminate the words "recovered" and "net" in the seventh line of the text and substitute the word "recovered" for the word "received" in the seventh line, so that the text will read:

"This account includes payments for loss, damage, delays, or destruction of freight, locomotives, and cars when waybilled as freight (including all company's material), parcels or express intrusted to the company for transportation, including live stock received for shipment; and all expenses directly incident thereto; freight in transit lost overboard from lighters (less insurance and amount recovered from sale of unclaimed and damaged freight); cost of re-packing and boxing damaged merchandise and other property; pay and expenses of employees and others engaged as adjusters and in detecting thieves; and services and expenses of employees or others while engaged as witnesses in lawsuits in connection with loss and damage cases."

Add: "Freight charges paid other carriers on lost or damaged shipments."

Add:

Norm B.—The pay and expenses of claim adjusters, clerks, and others whose pay can not be actually allocated to any case should be divided equally among personal injury and other claims over which they have jurisdiction.

100. LOSS AND DAMAGE — BAGGAGE.

Add:

Norm B.—The pay and expenses of claim adjusters, clerks, and others whose pay can not be actually allocated to any case should be divided equally among personal injury and other claims over which they have jurisdiction.

101. DAMAGE TO PROPERTY.

No change further than assigning a number to the account.

102. DAMAGE TO STOCK ON RIGHT OF WAY.

No change further than assigning a number to the account.

103. INJURIES TO PERSONS.

Add: "Pay and expenses of employees and others while attending coroners' inquests or engaged as witnesses in lawsuits in connection with personal injury cases."

OPERATING JOINT TRACKS — DR.

Change the title of this account to "Operating Joint Tracks and Facilities — Dr.", and modify the text to agree with the wording under that title below.

104. OPERATING JOINT TRACKS AND FACILITIES — DR.

This account includes a carrier's proportion of transportation expenses incurred in the use of joint tracks, interlockers, and other facilities (except as provided for in account "Operating Joint Yards and Terminals — Dr.") operated by other companies.

NOTE.—The purpose of this account is to show the amounts accruing against a carrier for its proportion of the expense of operating joint tracks and facilities operated by other companies but in the joint use of which the carrier participates. The bill rendered by any creditor against a debtor for the latter's proportion of expense of operation of joint facilities should show the distribution of the total charge among the general accounts as made by the creditor, and such distribution should be adhered to by the debtor.

OPERATING JOINT TRACKS — CR.

Change the title of this account to "Operating Joint Tracks and Facilities — Cr.", and modify the text to agree with the wording under that title below.

105. OPERATING JOINT TRACKS AND FACILITIES — CR.

This account includes the proportion of transportation expenses incurred in the use of joint tracks, interlockers, and other facilities (except as provided for in account "Operating Joint Yards and Terminals — Dr.") operated by a carrier, chargeable to other carriers.

NOTE.—The purpose of this account is to show the amounts accruing in favor of a carrier against other companies for their proportion of the expense of operating joint tracks and facilities operated by the carrier but in the joint use of which other companies participate. The bill rendered by any creditor against a debtor for the latter's proportion of expense of operation of joint facilities should show the distribution of the total charge among the general accounts as made by the creditor, and such distribution should be adhered to by the debtor.

V. GENERAL EXPENSES.

106. SALARIES AND EXPENSES OF GENERAL OFFICERS.

SALARIES.—Add: "Commissions paid to land and tax commissioners in lieu of salaries."

107. SALARIES AND EXPENSES OF CLERKS AND ATTENDANTS.

No change further than assigning a number to the account.

108. GENERAL OFFICE SUPPLIES AND EXPENSES.

No change further than assigning a number to the account.

109. LAW EXPENSES.

Add: "Cost of membership in associations the object of which is to protect roads in respect to litigation concerning the use of patents."

110. INSURANCE.

Amend the text to read:

"This account includes all premiums made or paid by a carrier to its insurance fund, and premiums (except reinsurance premiums) paid by it to insurance companies for insuring buildings and other structures, equipment of all classes, other property, and persons against loss, damage, or injury by fire, accident, or other causes."

Notes A and B remain as at present.

111. RELIEF DEPARTMENT EXPENSES.

No change further than assigning a number to the account.

112. PENSIONS.

No change further than assigning a number to the account.

113. STATIONERY AND PRINTING.

No change further than assigning a number to the account.

114. OTHER EXPENSES.

Add: "Donations to local fire departments; cost of exchange on checks cashed or deposited and drafts bought; cost of draping stations."

115. GENERAL ADMINISTRATION JOINT TRACKS, YARDS, AND TERMINALS — DR.

No change further than assigning a number to the account.

116. GENERAL ADMINISTRATION JOINT TRACKS, YARDS, AND TERMINALS — CR.

No change further than assigning a number to the account.

CONDENSED CLASSIFICATION OF OPERATING EXPENSES.

For the purpose of classification of operating expenses, corporations and other associations and persons operating railroads on which steam is used as the motive power are divided into two classes: "Large Carriers" and "Small Carriers". By a "Small Carrier" is meant an independent corporation, association, or person operating a road not more than 250 miles long and having annual operating revenues not in excess of \$1,000,000, or any subsidiary corporation of such a small carrier where the subsidiary is also within such limits.

Small Carriers, as above defined, may (after notifying the Public Service Commission of their election so to do) classify their operating expenses among the forty-four accounts shown in the left-hand column of the following:

AMENDMENTS ACCOUNTS FOR RAILROAD CORPORATIONS 29

*Condensed Classification of Operating Expense Accounts for Small Carriers
and Extended Classification for Large Carriers.*

ACCOUNTS FOR SMALL CARRIERS.	CORRESPONDING ACCOUNTS FOR LARGE CARRIERS.
I. MAINTENANCE OF WAY AND STRUCTURES—	I. MAINTENANCE OF WAY AND STRUCTURES—
1. Superintendence.	1. Superintendence.
2. Maintenance of Roadway and Track.	2. Ballast. 3. Ties. 4. Rails. 5. Other Track Material. 6. Roadway and Track. 7. Removal of Snow, Sand, and Ice.
3. Maintenance of Track Structures.	8. Tunnels. 9. Bridges, Trestles, and Culverts. 10. Over and Under Grade Crossings. 11. Grade Crossings, Fences, Cattle Guards, and Signs. 12. Snow and Sand Fences and Snowsheds. 13. Signals and Interlocking Plants. 14. Telegraph and Telephone Lines. 15. Electric Power Transmission.
4. Maintenance of Buildings, Docks, and Wharves.	16. Buildings, Fixtures, and Grounds. 17. Docks and Wharves.
5. Injuries to Persons.	18. Injuries to Persons.
6. Other Maintenance of Way and Structures Expenses.	19. Roadway Tools and Supplies. 20. Stationery and Printing. 21. Other Expenses.
7. Maintaining Joint Tracks, Yards, and Other Facilities—Dr.	22. Maintaining Joint Tracks, Yards, and Other Facilities—Dr.
8. Maintaining Joint Tracks, Yards, and Other Facilities—Cr.	23. Maintaining Joint Tracks, Yards, and Other Facilities—Cr.
II. MAINTENANCE OF EQUIPMENT—	II. MAINTENANCE OF EQUIPMENT—
9. Superintendence.	24. Superintendence.
10. Locomotives—Repairs.	25. Steam Locomotives—Repairs. 26. Electric Locomotives—Repairs.
11. Cars—Repairs.	27. Passenger-train Cars—Repairs. 28. Freight-train Cars—Repairs. 29. Electric Equipment of Cars—Repairs.
12. Floating Equipment—Repairs.	30. Floating Equipment—Repairs.
13. Work Equipment—Repairs.	31. Work Equipment—Repairs.

*Condensed Classification of Operating Expense Accounts for Small Carriers
and Extended Classification for Large Carriers.*

ACCOUNTS FOR SMALL CARRIERS.	CORRESPONDING ACCOUNTS FOR LARGE CARRIERS.
II. MAINTENANCE OF EQUIPMENT—Cont'd.	II. MAINTENANCE OF EQUIPMENT—Cont'd.
14. Equipment—Renewals.	26. Steam Locomotives—Renewals. 29. Electric Locomotives—Renewals. 32. Passenger-train Cars—Renewals. 35. Freight-Train Cars—Renewals. 38. Electric Equipment of Cars—Renewals. 41. Floating Equipment—Renewals. 44. Work Equipment—Renewals.
15. Equipment—Depreciation.	27. Steam Locomotives—Depreciation. 30. Electric Locomotives—Depreciation. 33. Passenger-train Cars—Depreciation. 36. Freight-train Cars—Depreciation. 39. Electric Equipment of Cars—Depreciation. 42. Floating Equipment—Depreciation. 45. Work Equipment—Depreciation.
16. Injuries to Persons.	48. Injuries to Persons.
17. Other Maintenance of Equipment Expenses.	46. Shop Machinery and Tools. 47. Power Plant Equipment. 49. Stationery and Printing. 50. Other Expenses.
18. Maintaining Joint Equipment at Terminals—Dr.	51. Maintaining Joint Equipment at Terminals—Dr.
19. Maintaining Joint Equipment at Terminals—Cr.	52. Maintaining Joint Equipment at Terminals—Cr.
III. TRAFFIC EXPENSES—	III. TRAFFIC EXPENSES—
20. Traffic Expenses.	53. Superintendence. 54. Outside Agencies. 55. Advertising. 56. Traffic Associations. 57. Fast Freight Lines. 58. Industrial and Immigration Bureaus. 59. Stationery and Printing. 60. Other Expenses.

*Condensed Classification of Operating Expense Accounts for Small Carriers
and Extended Classification for Large Carriers.*

ACCOUNTS FOR SMALL CARRIERS.	CORRESPONDING ACCOUNTS FOR LARGE CARRIERS.
IV. TRANSPORTATION EXPENSES—	IV. TRANSPORTATION EXPENSES—
21. Superintendence and Dispatch- ing Trains.	61. Superintendence. 62. Dispatching Trains.
22. Station Service.	63. Station Employees. 64. Weighing and Car Service Asso- ciations. 65. Coal and Ore Docks. 66. Station Supplies and Expenses.
23. Yard Enginemen.	71. Yard Enginemen.
24. Other Yard Employees.	67. Yardmasters and their Clerks. 68. Yard Conductors and Brakemen. 69. Yard Switch and Signal Tenders.
25. Fuel for Yard Locomotives.	73. Fuel for Yard Locomotives.
26. All Other Yard Expenses.	70. Yard Supplies and Expenses 72. Enginehouse Expenses—Yard. 74. Water for Yard Locomotives. 75. Lubricants for Yard Locomo- tives. 76. Other Supplies for Yard Loco- motives.
27. Operating Joint Yards and Terminals—Dr.	77. Operating Joint Yards and Ter- minals—Dr.
28. Operating Joint Yards and Terminals—Cr.	78. Operating Joint Yards and Ter- minals—Cr.
29. Road Enginemen and Motor- men.	80. Road Enginemen. 79. Motormen.
30. Fuel for Road Locomotives.	82. Fuel for Road Locomotives.
31. Other Road Locomotive Sup- plies and Expenses.	83. Water for Road Locomotives. 84. Lubricants for Road Locomo- tives. 85. Other Supplies for Road Loco- motives. 81. Enginehouse Expenses—Road. 86. Operating Power Plants. 87. Purchased Power.
32. Road Trainmen.	88. Road Trainmen.
33. Train Supplies and Expenses.	89. Train Supplies and Expenses.
34. Injuries to Persons.	103. Injuries to Persons.
35. Loss and Damage.	99. Loss and Damage—Freight. 100. Loss and Damage—Baggage.

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Condensed Classification of Operating Expense Accounts for Small Carriers and Extended Classification for Large Carriers.

ACCOUNTS FOR SMALL CARRIERS.	CORRESPONDING ACCOUNTS FOR LARGE CARRIERS.
IV. TRANSPORTATION EXPENSES—Cont'd.	IV. TRANSPORTATION EXPENSES—Cont'd.
86. Other Casualties.	93. Clearing Wrecks. 101. Damage to Property. 102. Damage to Stock on Right of Way.
87. All Other Transportation Ex- penses.	90. Interlockers and Block and Other Signals—Operation. 91. Crossing Flagmen and Gatemen. 92. Drawbridge Operation. 94. Telegraph and Telephone—Oper- ation. 95. Operating Floating Equipment. 96. Express Service. 97. Stationery and Printing. 98. Other Expenses.
88. Operating Joint Tracks and Facilities—Dr.	104. Operating Joint Tracks and Fa- cilities—Dr.
89. Operating Joint Tracks and Facilities—Cr.	105. Operating Joint Tracks and Fa- cilities—Cr.
V. GENERAL EXPENSES—	V. GENERAL EXPENSES—
40. Administration.	106. Salaries and Expenses of Gen- eral Officers. 107. Salaries and Expenses of Clerks and Attendants. 108. General Office Supplies and Ex- penses. 109. Law Expenses.
41. Insurance.	110. Insurance.
42. Other General Expenses.	111. Relief Department Expenses. 112. Pensions. 113. Stationery and Printing. 114. Other Expenses.
43. General Administration Joint Tracks, Yards, and Ter- minals—Dr.	115. General Administration Joint Tracks, Yards, and Termi- nals—Dr.
44. General Administration Joint Tracks, Yards, and Ter- minals—Cr.	116. General Administration Joint Tracks, Yards, and Termi- nals—Cr.

UNIFORM SYSTEM OF ACCOUNTS

AS ESTABLISHED FOR ELECTRIC RAILROAD CORPORATIONS AND
STREET RAILROAD CORPORATIONS.

ADOPTED SEPTEMBER 22, 1908; EFFECTIVE JANUARY 1, 1909.

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**STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION, SECOND DISTRICT.
At a session of the Public Service Commission, Second
District, held at the Capitol, Albany, on the 23d
day of September, 1908.**

Present:

**FRANK W. STEVENS, Chairman,
THOMAS M. OSBORN,
MARTIN S. DECKER,
JAMES E. SAGUE,
JOHN B. OLMSTED,
Commissioners.**

Ordered: That, except as hereinafter provided:

1. On and after January 1, 1909, every electric railroad corporation and every street railroad corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule A", so far as the said accounts are pertinent to the facts and circumstances of the said corporation. By an electric railroad corporation as herein used is meant a railroad corporation (as defined in the Public Service Commissions Law) having title of any character to a railroad (as defined in the said Law) upon which electric energy is used as the principal power for the propulsion of cars. The term street railroad corporation is used herein in the sense defined in the Public Service Commissions Law.

2. On and after the date of service of this order on any such electric railroad corporation, and on any such street railroad corporation, such corporation shall not charge to any account representing cost of property any discount or commission on securities issued by the said corporation, but shall charge all such discounts, commissions, and other expense connected with the issue of securities subsequent to the said date of service, in accordance with the directions contained in the definitions of the account named Organization, and the account named Unamortized Debt Discount and Expense, in the said "Schedule A".

3. On and after July 1, 1909, every said electric railroad corporation and every said street railroad corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule B", so far as the same are pertinent to the facts and circumstances of the said corporation.

4. During the year beginning July 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun July 1, 1908; provided that on or before January 1, 1909, there be filed with the Public Service Commission a statement containing a list of the said accounts pertaining to the year begun July 1, 1908, and definitions of such accounts. Where any such account kept during the year begun July 1, 1908, is kept strictly in conformity with the "Standard System

of Street Railway Accounting," as recommended by the Board of Railroad Commissioners under date of April 10, 1900, a statement of that fact in connection with the name of such account will serve as a sufficient definition of the said account.

5. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary, experimental, or divisional account, the said corporation shall file with the Public Service Commission, at least ten days in advance of the time when the said account is to be instituted, a statement showing the name of the said account, the date when it is to be instituted, the purpose for which it is to be kept, the period of time during which it is to be kept, and a clear and accurate definition of the classes of items and facts to be contained in the said account; and in case of a divisional account, the definition of the division covered. Upon compliance with the provisions of this paragraph, any account herein prescribed or defined in either said "Schedule A" or said "Schedule B" may be subdivided.

6. On and after July 1, 1909, each said corporation engaged in the operation of any railroad whereon electric energy is used as the principal power for the propulsion of cars, or engaged in the operation of any street railroad, shall keep on its books the statistical accounts prescribed or defined in the hereto annexed schedule marked "Schedule C".

7. All notices herein required to be filed concerning accounts shall be upon sheets 9½ inches by 12 inches in size, and shall be entitled in the name of the corporation filing said notices, followed by a brief statement of the character of the accounts covered by the notice.

SCHEDULE A.

BALANCE SHEET OR INDICANT ACCOUNTS.

1. **Street Railroads defined.**—The term "street railroads," as hereinafter used, includes all street railroads (as defined in the Public Service Commissions Law) by whatever kind of motive power operated, and all railroads (as defined in the Public Service Commissions Law) operated by means of electric power.

NOTE.—Section 2 of the Public Service Commissions Law provides as follows:

"The term 'street railroad,' when used in this act, includes every railroad by whatsoever power operated, or any extension or extensions, branch or branches thereof, for public use in the conveyance of persons or property for compensation, being mainly upon, along, above or below any street, avenue, road, highway, bridge or public place in any city, village or town, and including all switches, spurs, tracks, right of trackage, subways, tunnels, stations, terminals and terminal facilities of every kind used, operated, controlled or owned by or in connection with any such street railroad; but the said term 'street railroad,' when used in this act, shall not include a railroad constituting or used as part of a trunk line railroad system."

"The term 'railroad,' when used in this act, includes every railroad, other than a street railroad, by whatsoever power operated for public use in the conveyance of persons or property for compensation, with all bridges, ferries, tunnels, switches, spurs, tracks, stations and terminal facilities of every kind used, operated, controlled or owned by or in connection with any such railroad."

2. **Accounts to be kept by double-entry method.**—All accounts kept by any corporation or person within the scope of the present order shall on and after January 1, 1909, be kept by the double-entry method.

NOTE.—This requirement is not intended to apply to purely statistical accounts.

CAPITAL ACCOUNTS.

3. **Capital defined.**—As the term is used herein, by *capital* of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. **Fixed Capital defined.**—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen¹) is called *fixed capital*.

5. **Floating Capital defined.**—Capital other than fixed capital is called *floating capital*.

6. **General Capital and Departmental Capital defined.**—Fixed capital is di-

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

visible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the use of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

7. **Landed Capital and Non-landed Capital defined.**—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called *non-landed capital*.

8. **Intangible and Tangible Capital distinguished.**—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible property within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses.¹

9. **Further classification of Capital.**—Capital is also divisible into *original capital*, *additions*, *betterments*, and *renewals and replacements*, as defined below. Charges to capital accounts shall show these divisions as set forth in paragraph 21, *infra*.

10. **Original Capital defined.**—Original capital is that put into service at the outset of an enterprise.

11. **Additions defined.**—Additions include additional structures, facilities, or equipment not taking the place of anything previously existing.

12. **Betterments defined.**—Betterments include the enlargement or improvement of existing structures, facilities, and equipment.

13. **Renewals defined.**—Renewals include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. **Replacements defined.**—Replacements include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When a substitute has a substantially greater capacity than that for which it is substituted, the cost of substitution of one of the same capacity as the thing replaced should be charged as a replacement, and the remaining portion of the cost of the actual substitute should be charged as a betterment.

15. **Repairs defined.**—When through wear and tear or through casualty it becomes necessary to replace some part of any structure, facility, or unit

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account, when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

of equipment, and the extent of such replacement does not amount to a substantial change of identity in such structure, facility, or unit of equipment, the replacement of such part is to be considered a repair, and the cost of such repair is to be treated as an operating expense and must not be charged as a replacement in any capital account.

16. First entries must enable identification.—Throughout all capital accounts, the first entry in respect of any particular thing shall describe it with such particularity as to enable its identification, and shall give it a distinguishing name, number, or other designation by which it shall thereafter be designated in every entry in any capital account which in any way concerns it. In the case of continuous structures like railroad track, or electric line, or pipe line, such structures shall be itemized to the extent that no item shall contain more than one operating division or more than one type of construction, and the entry in relation to any item shall describe the size, weight, type, and other principal physical characteristics of the chief constituent parts, together with their spacing if discontinuous.

17. Costs of new capital to be actual money costs.—All charges made to capital or other accounts on or after January 1, 1909, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

18. Discounts upon securities not to be charged to capital accounts.—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

19. Cost of labor, material, and supplies.—Cost of labor includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of materials and supplies consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

20. Withdrawals or retirements.—When anything is withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

21. Particulars required to be shown in entries.—Every charge made to a capital account on or after January 1, 1909, shall show whether the thing in respect of which the charge is made is original capital, or an addition, a betterment, a renewal, or a replacement. If the thing is a betterment, the entry shall designate the thing enlarged or improved and shall cite by name and page of book or other record the original entry of cost of such thing enlarged or improved. If the thing to which any charge hereafter made relates is a renewal or a replacement, the entry made in respect thereof shall designate the thing renewed or replaced and shall cite by name and page of book or other record the original entry or entries of cost of such thing renewed or replaced. If there is no entry in the accounts of the corporation showing the cost (to the corporation) of the thing bettered, renewed, or replaced, that fact shall be stated in the entry describing the betterment, renewal, or replacement, and the original cost of such thing to the corporation shall be stated. Such cost shall be estimated if not known, and when estimated the basis of such estimation shall be shown.

22. Betterments involving partial destruction of thing bettered.—If any betterment involves the partial destruction or partial reconstruction of the thing bettered, only such portion of the cost of the change shall be charged as a betterment as will when added to the original cost (estimated if not known) of the thing bettered give the cost of reconstruction or replacement of the thing as bettered, and the remainder of the cost of the change (account being taken of any salvage) shall be charged to the appropriate repair account.

E. g., a building, original cost unknown but estimated to be \$15,000, is bettered by the construction of an elevator shaft, and its stairways are modified so as to be fireproof; the actual expenditure for these changes is \$3,000; the estimated cost of replacement of the building (as modified) with one equally serviceable and with an equal expectation of life is \$16,000; the charge to capital account as a betterment should be \$1,000, and the remainder (\$2,000) of the expenditure should be charged to the appropriate repairs account.

23. Road and equipment and other capital purchased.—When any road or other fixed capital in the form of a going or completed plant is purchased, an appraisal of such capital so acquired shall be made, and the different constituent elements of the road (and equipment, if any) or other capital acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence, and inadequacy. If the actual money value of the consideration given for the road or other capital was at the time of the acquisition in excess of such appraised value, the excess shall be charged to the account "Other Intangible Street Railroad Capital," and the appraised values of the constituent elements shall be charged to the appropriate accounts as designated in the following definitions of accounts for expenditures for road and equipment and other fixed capital. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each road or other such fixed capital

purchased, will be required to be made to the Public Service Commission, and the purchaser will be required to procure in connection with the acquisition of any such road or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such road, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

24. Definitions of Fixed Capital accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

\$100. FIXED CAPITAL, DECEMBER 31, 1908.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to street railroad operations as such capital stood at the close of December 31, 1908. Such charges shall be made at the figures at which such capital was carried on the books of the said person or corporation on that date. When any capital included in such account is retired from service, the amount at which it is charged therein shall be credited to this account; the amount of depreciation or other amortization thereon applicable to the period subsequent to June 30, 1909, shall be charged to account No. 374, "Accrued Amortization of Capital," proper account shall be taken of any salvage, and the remainder of the amount originally charged to capital shall be concurrently charged to the Corporate Surplus or Deficit account (or equivalent account carried on the books on June 30, 1909), unless there was carried on the books at that date a reserve to cover retirement of capital from service, in which case the said concurrent charge shall be made to such retirement reserve account. If the amount at which the said capital in service on December 31, 1908, and subsequently retired from service, was included in the said account is not disclosed on the books and records of the accounting person or corporation and is not within the knowledge of such person or corporation or officers or other employees thereof, it shall be estimated, and such estimated amount shall be treated as is above directed for the actual amount, the fact of estimation being stated in the entry.

NOTE.—Corporations will be required to carry as sub-accounts of the account "Fixed Capital, December 31, 1908," the several accounts on their books on that date which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

The following capital accounts are prescribed for transactions subsequent to December 31, 1908:

\$111. RIGHT OF WAY.

Charge to this account the cost of all landed capital acquired for roadway; expenses of appraisals, or of juries, commissioners, or arbitrators in condemnation cases; cost of removal of buildings (if upon right of way, and not included in property purchased); commissions paid outside parties for purchase of properties for these purposes; cost of plats, abstracts, notarial fees, recording deeds, etc.; cost of obtaining consents, and payment for abutting damages.

NOTE A.—Cost of buildings and other improvements must not be included in this account.

NOTE B.—The estimated value of property not required in connection with the operation of the road after completion thereof, but acquired and charged to this account in connection with land needed for right of way, should, upon completion

of the road, be credited to this account and charged to an appropriate property account. Where such property is sold upon or prior to the completion of the road, the proceeds of sale thereof should be credited to this account.

S112. OTHER STREET RAILROAD LAND.

Charge to this account the cost of all landed capital acquired for use directly in connection with the operation of the road, but in excess of and in addition to that actually required for roadway, including all expenses incurred in connection with such acquisition as enumerated in account No. S111, "Right of Way".

NORM A.—Cost of buildings and other improvements must not be included in this account.

NORM B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to street railroad operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the appropriate structures account, and excluded from the account "Other Street Railroad Land". If such improvements are not devoted to street railroad operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Other Street Railroad Land". The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Public Service Commission the subdivision of the cost of its land devoted to street railroad operations into the following:

Land Occupied by Generating Stations.

Land Occupied by Outside Sub-stations.

Water Rights.

Other Land Devoted to Street Railroad Operations.

101. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiation and issue of stock thereunder, shall be classed as additions. Cost of preparing and filing certificates of amendment of articles of incorporation shall be classed as a betterment. Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classed as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

S102. FRANCHISES (STREET RAILROAD).

To this account shall be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof

as the consideration for the grant of such franchise or right" (section 55 of the Public Service Commissions Law) as is necessary to the conduct of the corporation's street railroad operations. If any such franchise is acquired by mesne assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Street Railroad Capital". If any such franchise has a life of *not more than one year after the date when it is placed in service*, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments" if extending beyond the fiscal year.

Payments made to the State or to some political subdivision thereof as a consideration for granting an extension for more than one year of the life period of a franchise shall be classed as renewals. Those made as a consideration for franchises or extensions thereof covering additional territory to be operated as a part of an existing system shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NOTE.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

§103. PATENT-RIGHTS (STREET RAILROAD).

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's street railroad operations. If any such right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent-right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

§104. OTHER INTANGIBLE STREET RAILROAD CAPITAL.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to street railroad operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

181. GRADING.

Charge to this account the cost of grading roadbed, whether excavations or embankments; reconstructing pikes or roads; ditching roadbed; and ditches for waterways. This account shall include the cost of riprap, retaining walls and other masonry for the protection of embankments, cuts, and slopes.

182. BALLAST.

Charge to this account the cost of ballast, whether of broken stone, slag, gravel, or other material specially provided for this purpose; also the cost of loading, hauling, and unloading alongside of track, and of transportation.

183. TIES.

Charge to this account the cost of cross, switch, bridge, and other ties and

railroad crossing timbers laid in main and repair tracks, sidings, and spurs; in tunnels, station, shop and other yards; on wharves, piers, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables. Charge also to this account the cost of transportation, inspection, handling (except final distribution), and any process of preservation.

184a. RAILS, RAIL FASTENINGS, AND JOINTS.

Charge to this account the cost of rails, rail fastenings, and joints in main and repair tracks, sidings, and spurs; in tunnels, stations, shop and other yards; on wharves, piers, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables. Charge also to this account the cost of transportation, inspection, and handling (except final distribution).

184b. SPECIAL WORK.

Charge to this account the cost of special work, including steam and street railroad crossings, crossovers, curves, frogs, runoffs, switches, switchmates, and turnouts. Charge also to this account the cost of transportation, inspection, and handling (except final distribution).

185. UNDERGROUND CONSTRUCTION.

This account is to be used only for railroads operated by an underground electric contact system, and for those operated by cable traction.

Charge to this account the cost of underground construction, including yokes, concrete work, manhole frames and covers, slot rails, drainage pipes, pulleys, sheaves, and other fixtures and appurtenances peculiar to underground electric or cable construction. Charge also to this account the cost of transportation, inspection, and handling (except final distribution).

NORM.—The cost of track rails, track rail fastenings and joints, and electric contact rails and insulators, and cables of cable railroads, must not be charged to this account.

186. TRACK LAYING AND SURFACING.

Charge to this account the cost of distributing, laying, spacing, and aligning ties; cost of laying, spiking, and jointing rails; surfacing and aligning track; and labor of placing frogs, switches, and special work; cost of track tools; cost of spreading ballast and putting it under track; expenses of distributing track material, and cost of transportation of men, tools, appliances, and outfits used on this work.

187. PAVING.

Charge to this account the cost of labor and material for paving about tracks and special work and crosswalks incident to track construction.

188. ROADWAY TOOLS.

Charge to this account the cost of the first outfit of tools furnished section, bridge, carpenter, and other gangs properly to equip them to protect, maintain, and repair the property when it is opened for the handling of commercial traffic.

189. TUNNELS.

Charge to this account the cost of tunneling, including such timber as may be used; cost of material used and labor expended in the construction of tunnels and transportation subways.

NORM.—This account does not include cost of the track through such tunnel or subway or cost of surfacing such track.

190. ELEVATED STRUCTURES AND FOUNDATIONS.

Charge to this account the cost of all material used and labor expended in the construction of elevated structures and foundations.

NOTE.—This account is to be used only by elevated railroad companies.

191. BRIDGES, TRETTLES, AND CULVERTS.

Charge to this account the cost of material used and labor (including engineering and superintendence) expended in the construction of bridges and trestles erected to carry tracks over streams, ravines, streets, or other railroads, and culverts, both substructure and superstructure, including transportation. This account shall include the cost of abutments, piers, supports, draw and pier protection; machinery to operate drawbridges; guard-rails, masonry ends and wing-walls for culverts; cost of inspection of bridge material; cost of tests; cost of wing-dams, cribs, or ice-breakers for regulating the current of a stream or breaking up ice jams; also labor and material used in painting the structure.

NOTE.—Any structure carrying tracks of the accounting corporation over other tracks, or over a stream, highway, or canal should be considered a bridge or culvert. The cost of structures carrying other tracks, canals, highways, etc., over the accounting corporation's tracks should be charged to account No. 192, "Crossings, Fences, and Signs".

192. CROSSINGS, FENCES, AND SIGNS.

Charge to this account the cost of material used and labor expended in constructing street, road, and farm crossings at grade; overhead bridges and viaducts; roadways of undergrade foot or wagon crossings; crossing gates and warning signals; cost of drainage and excavations for undergrade crossings; and payments and assessments for street repairs or sewers at crossings where such repairs and sewers permanently benefit the property; right of way fences, snow and sand fences, cattle-guards, wing-fences, aprons, and hedges; mile, section, warning, and other roadway signs.

193. INTERLOCKING AND OTHER SIGNAL APPARATUS.

Charge to this account the cost of material used and labor expended in constructing interlocking and other signal apparatus complete, including apparatus for block signals of all classes.

194. TELEPHONE AND TELEGRAPH LINES.

Charge to this account the cost of material used and labor expended in constructing telephone and telegraph lines, including conduits, poles, cables, and wires specially devoted to telephone and telegraph purposes; telephones and telegraph instruments; labor employed in the construction work; cost of all tools used; and cost of transportation.

S161. POLES AND FIXTURES.

Charge to this account the cost of poles, cross-arms, and insulating pins; brackets and other pole fixtures; braces and other supports for holding the poles in position; also structures for supporting the overhead electric construction, and all labor expended in connection with the construction of pole lines or structures for carrying the transmission and distribution conductors.

S162. UNDERGROUND CONDUITS.

Charge to this account all material used and labor expended in building conduits required for underground wires and cables, including manholes, sewer connections, sewer traps, and all material necessary for the completion

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of the underground conduit system devoted to the protection of the transmission and distribution conductors.

S163. TRANSMISSION SYSTEM.

Charge to this account the cost of material used and labor expended in constructing the transmission system, including cables, wires, insulators, and insulating material.

NOTE.—In electric railroad operations, when the electric current generated (or received) is changed by means of (a) rotary converters, or (b) motor generator sets, or (c) static transformers (sub-station apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the Transmission System. Tie-lines between generating stations and sub-stations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system), including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as Distribution System.

S164. DISTRIBUTION SYSTEM.

Charge to this account the cost of material used and labor expended in constructing the distribution system, including insulators and connections; track bonding, including track bonds, cost of punching and drilling rails for same; overhead trolley lines, including cost of trolley, guard, span, strain, supplemental, and other wires, and all catenary construction used in connection with the overhead trolley system; cost of third rail, braces and supports for same, insulating devices, materials used in covering and protecting the same, and all fixtures and appliances connected with third-rail conductors; cost of underground contact rails and appliances used in the underground contact system, including contact rails, braces, supports, and insulating devices.

NOTE.—For the definition of the distribution system, see the note to the preceding account No. S162, "Transmission System".

S131. DAMS, CANALS, AND PIPE LINES.

Charge to this account the cost of all dams, canals, aqueducts, and pipe lines devoted to the utilization of water power and the delivery of the water to the headgate of the turbine or water-wheel; also that of all wasteways from the outlet of the draft-tube to the point of final discharge. This includes all gates, valves, and other accessories of such dams; also wasteways, sluices, forebays, grids, walls, fences, etc., for the protection of such canals and pipe lines, and all trestles and other supporting structures; also all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines.

S132. POWER PLANT BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for housing power generating plants. This account includes cost of excavations, foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

S151. SUB-STATION BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for power sub-station purposes, including excavations, foundations, drainage, gas and water pipes and connections,

grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

NOTE.—No charge should be made to this account in respect of a power plant building, even though such building also contains sub-station apparatus.

5120. GENERAL OFFICE BUILDINGS AND EQUIPMENT.

Charge to this account the cost of material used and labor expended in erecting buildings devoted to general office purposes, the cost of all fixtures permanently attached thereto, and the cost of furniture and other equipment for such buildings; also the cost of architects' plans, and of superintendence of construction.

NOTE.—If the land occupied by general office buildings is not a part of right of way and station grounds, its cost should be charged to account No. 5112, "Other Street Railroad Land".

195. SHOPS AND CAR HOUSES.

Charge to this account the cost of material used and labor expended in erecting all buildings to be used as shops, car sheds, car houses, oil houses, sand houses, and storehouses; plants for furnishing power for heating and lighting the buildings; preparing grounds before and clearing up same after construction; foundations; painting; sewerage systems; connections with water supply system; architects' fees for drawing plans and supervision of construction; and transportation and incidental expenditures.

196. STATIONS, WAITING ROOMS, AND MISCELLANEOUS BUILDINGS.

Charge to this account the cost of material used and labor expended on stations, waiting rooms, stables, and other miscellaneous buildings, including cost of transportation, station signs, platforms, sidewalks, excavations, foundations, drainage, water, gas and sewer pipes and connections, steam-heating apparatus, stoves, electric light and power fixtures, including wiring for same; grading and putting grounds in order after buildings have been finished; electric bells, elevators, and all other material, furniture, or fixtures used to complete the buildings; wells for water supply of stations; salaries and expenses of architects; also cost of fences, hedges, turnstiles, etc., around station grounds.

NOTE.—This account does not include buildings for park and resort purposes, for which see account No. 198, "Park and Resort Properties"; nor does it include any portion of the cost of a power plant building in which a room is used for station or waiting room purposes.

197. DOCKS AND WHARVES.

Charge to this account the cost of material used and labor expended in constructing docks, wharves, ferry or other landings, and inclines to transfer steamers, including dredging.

NOTE.—The cost of ground on which docks or wharves are built and of riparian or water-front rights in connection therewith is to be charged to account No. 5112, "Other Street Railroad Land".

198. PARK AND RESORT PROPERTIES.

Charge to this account the cost of all property (except land) of the corporation in amusement parks and resorts operated for the purpose of inducing travel. When the contract under which such property is acquired covers both land and improvements and does not determine the cost of the unimproved land as distinct from the improvements, the improvements shall be appraised at their fair cash value, and such value shall be charged to this account; the

remainder of the cost shall be charged to account No. S112, "Other Street Railroad Land".

S141a. FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in generating electric energy. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the foundations and settings of such boilers and appurtenances. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine or to the gas producer, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

S141b. STEAM ENGINES.

Charge to this account the cost of all steam engines devoted to the production of electric energy. This includes the foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the steam engine and the electric rotor thereon shall be considered a part of the electric equipment.

S142. TURBINES AND WATER-WHEELS.

Charge to this account the cost of all turbines and water-wheels and other hydraulic engines devoted to the conversion of water power into mechanical power for the production of electric energy. This includes the foundations and settings of such engines, also their governors and all other appurtenant apparatus attached thereto from and inclusive of the headgates and governors to (but exclusive of) the wasteway. Where the electric rotor is mounted on (not merely coupled to) the shaft of the hydraulic engine, the shaft shall be considered a part of the hydraulic engine and the electric rotor thereon shall be considered a part of the electric equipment.

S143. GAS POWER EQUIPMENT.

Charge to this account the cost of equipping plants for the generation of gas power, including producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhaustor outfits, seals, specially provided boilers and pumps, gas engines, ignition and compressed air apparatus, piping, holders, and other auxiliary gas power apparatus.

S144. POWER PLANT ELECTRIC EQUIPMENT.

Charge to this account the cost of equipping power plants with dynamos, alternators, generators, rotaries, and other apparatus for generating electric energy; switchboards, station cables, and feeder terminals and wiring in connection with the same; boosters, rheostats, circuit breakers, voltmeters, ammeters and the like, with their foundations and settings.

NOTE.—This account should not include any sub-station equipment.

S145. MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of all miscellaneous equipment at power plants which is not includible in any of the foregoing accounts. This includes

such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, cranes, hoists, etc., machine tools and such other tools at power plants as are proper to be capitalized, etc.

NOTE.—This account should not include any sub-station equipment.

S152. SUB-STATION EQUIPMENT.

Charge to this account the cost of all equipment of sub-stations. Such equipment includes not only electric machinery and apparatus, including storage batteries, in sub-stations, but also all other furniture and equipment such as furnaces, boilers, stoves, elevators, etc., permanently assigned to such stations but not affixed to the structures thereof. It does not include laboratory instruments and apparatus not permanently assigned thereto, nor does it include tools only temporarily assigned to such stations.

153. CABLE POWER EQUIPMENT.

Charge to this account the cost of machinery and apparatus for the propulsion of cables used in the operation of cable or incline railroads. This account includes the cost of engines, boilers, shafting, etc.; leading wheels and bearings; and cables used in such operation.

S122b. SHOP EQUIPMENT.

Charge to this account the cost of machinery and tools used in shops or car houses, and cost of loading, unloading, and placing machinery in position, including the cost of foundations and settings. This account includes the cost of stationary engines and boilers, motors, compressors, shafting, belting, cranes, forges, and other machinery and tools necessary for the equipment of shops.

201. LOCOMOTIVES.

Charge to this account the cost of locomotives, including all appurtenances, electric equipment, furniture, and fixtures necessary to equip them for service.

202. REVENUE CARS.

Charge to this account all expenditures for passenger, baggage, express, freight, mail, and other cars, from the operation of which revenue is derived.

The term "cars" includes car body and trucks, and all fixtures or appliances inside of or attached to the car body or truck, except the electric equipment of the car.

203. ELECTRIC EQUIPMENT OF CARS.

Charge to this account all expenditures for electric equipment and wiring of all cars, whether revenue or work cars, including labor, material, tools, freight, hauling of material, and all other expenses incident to the work.

204. OTHER RAIL EQUIPMENT.

Charge to this account all expenditures for water cars, sprinkling cars, sand cars, salt cars, supply cars, and other work cars; snow-plows, sweepers, scrapers, and miscellaneous snow equipment.

205. MISCELLANEOUS EQUIPMENT.

Charge to this account all expenditures for horses, harness, wagons, automobiles, and other vehicles, and equipment not elsewhere provided for.

S281. ENGINEERING AND SUPERINTENDENCE.

Charge to this account all expenditures for services of engineers, drafts-

men, and superintendents employed on preliminary and construction work, and all expenses incident to the work, when such disbursements can not be assigned to specific construction.

NOTE.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged.

§282. LAW EXPENDITURES DURING CONSTRUCTION.

Charge to this account general expenditures of the following nature, incurred in connection with the construction of a road, namely: the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees; and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of the right of way or other land shall be charged to account No. S111, "Right of Way," or account No. S112, "Other Street Railroad Land," according to the character of the land acquired. Law expenditures in connection with the organization of the corporation shall be charged to account No. 101, "Organization".

§283. INJURIES DURING CONSTRUCTION.

Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of road and equipment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payments to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

§284. TAXES DURING CONSTRUCTION.

Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the road is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

§285. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

Charge to this account the salaries and expenses of executive and general officers of a road under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the furniture and office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.—This account shall not include any costs of organization, or any costs

or discounts connected with the issue and disposal of stocks, funded debt, or other securities and commercial paper.

8286. INTEREST DURING CONSTRUCTION.

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account. To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

0110. LAND IN OTHER DEPARTMENTS.

Charge to this account the cost of the corporation's interests in land (exclusive of improvements thereon) devoted to operations other than electric operations, gas operations, railroad operations, and street railroad operations.¹ Such cost includes, when assumed or when paid by the purchaser in its own behalf, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired. If, at the time of acquisition of such interest in lands, it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to operations other than the four classes above mentioned and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value, and such appraised value shall be charged to the appropriate accounts and excluded from the account "Land in Other Departments". If such improvements are held as investments, the cost (or appraised value at time of acquisition of title, if the cost to the corporation is not determined in the contract of acquisition) shall be charged to the appropriate investment account. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land in Other Departments".

0102. FRANCHISES IN OTHER DEPARTMENTS.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" as is necessary to the conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

0103. PATENT-RIGHTS IN OTHER DEPARTMENTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of

¹ NOTE.—ELECTRIC CAPITAL, GAS CAPITAL, AND RAILROAD CAPITAL.—For the accounts to which shall be charged the cost of capital devoted to electric operations, see the Uniform System of Accounts for Electrical Corporations; for gas operations, see the Uniform System of Accounts for Gas Corporations; and for steam railroad operations, see the Uniform System of Accounts for Expenditures for Road and Equipment, etc., as established for Steam Railroad Corporations by the Public Service Commission.

the corporation's operations other than electric, gas, railroad, and street railroad.

O104. OTHER INTANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of intangible capital devoted to its operations other than electric, gas, railroad, and street railroad, and not includible under any of the foregoing accounts.

O120. TANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of tangible capital devoted to its operations other than electric, gas, railroad, and street railroad.

25. **Floating Capital divided into two groups.**—Floating capital is divided into two great groups, of which the first is herein called "*Materials and Supplies*," and the second "*Current Assets*".

26. **Definitions of Floating Capital accounts.**—In the following definitions the letters and figures prefixed to the titles of the accounts are no part of the titles and are inserted merely for convenience of reference:

S10. MATERIALS AND SUPPLIES.

Charge to this account the cost (including transportation) of all materials and supplies acquired by the corporation, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to account No. S286, "*Interest during Construction*," or to account No. S849, "*Undistributed Adjustments — Balance*," according as such materials and supplies are intended for construction or for operation.

The scrap value of things retired from service shall be charged to an appropriate sub-account in this account, while such things remain the property of the corporation. If such scrap value is not known and can not readily be determined it shall be estimated, and errors in such estimates when determined shall be adjusted through the accounts involved if during the year in which the estimates were made; if later, then through the "*Corporate Surplus or Deficit*" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account, and debited or credited to the operating expense account No. S849, "*Undistributed Adjustments — Balance*," in case they can not be assigned to specific accounts. Shortages may, however, be charged directly to "*Corporate Surplus or Deficit*". Where such materials and supplies have been used in construction, a suitable proportion of such shortages and overages may be debited or credited to account No. S285, "*Miscellaneous Construction Expenditures*".

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

1. CASH.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

2. BILLS RECEIVABLE.

Charge to this account the cost of all negotiable paper (except as below provided) which is the property of the corporation and upon which solvent concerns are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include investments (for which see below); nor does it include interest coupons.

3. ACCOUNTS RECEIVABLE.

Charge to this account all amounts owing to the corporation upon accounts with solvent concerns (other than banks); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

4. INTEREST AND DIVIDENDS RECEIVABLE.

Whenever the income account is stated the appropriate sub-account therein shall be credited, and this account shall be charged with all accrued but not yet collected interest upon all commercial paper and accounts considered collectible held by or for the benefit of the corporation; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

5. OTHER CURRENT ASSETS.

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

27. Investments defined.—By *Investments*, as here used, are meant all properties acquired not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations at a time when it seems probable that they can not be so advantageously acquired as at the time of actual acquisition. By *bound investments* are meant those held subject to a lien of some character; by *free investments* are meant those held free of all liens.

300. INVESTMENTS.

The cost of the corporation's title to any property held as an investment shall be charged to an account entitled "Investments".

NOTE.—In the annual reports to be made to the Public Service Commission by the corporations and other persons engaged in street railroad operations, invest

ments, whether bound or free, will be required to be classified with at least the following detail:

Bound investments will be required to be divided into the three classes: "Mortgaged or Pledged Investments," "Contractual Fund Investments," and "Other Bound Investments". Each of these three classes, and the class "Free Investments," will be required to be subdivided into the following: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlled Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments.

28. *Special Deposits defined.*—By *Special Deposits*, as here used, are meant amounts of money and bank credits in the hands of fiscal agents of the corporation and others for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safety deposit vaults, etc., so long as they are available for general purposes of the corporation, shall be excluded herefrom.

311. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits specially deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest Accrued" account.

312. DIVIDEND SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits specially deposited in the hands of fiscal agents or other agents of the corporation for the payment of dividends upon the corporation's stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

313. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other special purposes than the payment of interest coupons and dividends. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

29. *Prepayments.*—When payments for taxes, insurance, rents and the like are made in advance of the actual accrual thereof, the amount of the advance payment shall be charged to the appropriate account in this group. As such taxes, etc., accrue, the appropriate prepayment account shall be credited and the appropriate expense or other income account shall be charged.

NOTE.—By the accrual of taxes, insurance, rent, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus: If the rent fixed by contract of lease for a certain property is \$600 for a calendar year, this accrues at the rate of \$50 each month (unless it is desired to

base the accrual on days, when of course the varying lengths of the months would require to be considered), regardless of the actual times when the rent matures; \$50 should thus (if the rent has been prepaid) be credited each month to the account "Prepaid Rents," and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

321. PREPAID TAXES.

When taxes are paid in advance of their accrual, the amount prepaid shall be charged to this account. As the taxes thus prepaid accrue they shall be credited at monthly intervals to this account and charged to the appropriate taxes account. This account must not include any so called taxes, like water taxes, drainage taxes, fire taxes, etc., which are payments for special benefits received. Such payments for special benefits, where finally chargeable to operating expenses, must, when prepaid, be charged to the account "Other Prepayments".

322. PREPAID INSURANCE.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue they shall be credited at monthly intervals to this account and charged to the appropriate expense account.

323. PREPAID RENTS.

When rents are paid in advance of the enjoyment of the term, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As the term is consumed, this account shall be credited at monthly intervals and the appropriate rent account in the income account shall be charged.

324. OTHER PREPAYMENTS.

When prepayments are made for any other thing than taxes, insurance, and rents, above provided for, such prepayments shall be charged to this account; and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited monthly to this account and charged to the appropriate expense or income account.

30. *Suspense*.—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which under the rules of the Public Service Commission may be spread over a period of time, or when any debit made for any other reason may be amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss, or other debit shall, except as herein otherwise directed, be charged to an appropriate account in this group of accounts.

NOTE.—By "amortization" of any charge or credit is meant its gradual extinction. The word is broader than the word "depreciation," since the latter is restricted ordinarily to tangible property. The word "depreciation" also imports more of the idea of fluctuating value and is complicated somewhat with the question of cost of replacement at market prices. Because it is considered unnecessary in connection with the gradual consumption or expiration of life of capital to consider the question of cost of replacement until the replacement is actually made, at which time the cost of replacement is duly charged to the appropriate account, and because provision is necessary for the gradual extinction of certain charges (such as those for some kinds of capital, those for extraordinary casualties, for discount on debt, etc.) to which the term "depreciation" does not well apply, it is considered advisable to use the term "amortization" in connection with the extinction of such charges, and of certain corresponding credits, such as premiums on debt outstanding.

331. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidence of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidence of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to the account "Amortization of Debt Discount and Expense" in "Income" account. Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to the account "Other Deductions from Surplus".

332. OTHER SUSPENSE.

To this account shall be made all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit".

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

31. Securities Actually Issued and Later Re-acquired.—For the case of securities actually issued by the corporation and later re-acquired by it, the following account is provided:

340. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face values to this account.

32. Debt defined.—The word *debt*, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt*.

33. Funded Debt defined.—Funded Debt comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

34. Unfunded Debt defined.—Unfunded Debt comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

35. Funded Debt accounts.—Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as e. g., "First Mortgage 5% QF 10, Aug. 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture". "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds".

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page, and account whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

36. Unfunded Debt accounts.—The accounts for Unfunded Debt are defined as follows:

351. TAXES ACCRUED.

Credit to this account at the close of each month the taxes accrued during the month, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

352. RECEIVER'S CERTIFICATES.

When any receiver acting under the orders of a competent court is in pos-

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session of the property of the corporation, and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited monthly to this account.

353. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties, and the character of the action or suit. Interest accruing upon any such judgment shall be credited monthly to this account.

NOTE.—In case of appeal and affirmance in whole or in part from which judgment of affirmance a further appeal lies, the same rule shall apply as upon entry of original judgment.

354. INTEREST ACCRUED.

Credit to this account at the close of each month the interest accrued during the month upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NOTE.—When coupon interest matures it should be transferred from the sub-account Unmatured Coupon Interest Accrued to the sub-account Coupon Interest Matured. When such interest is paid out of coupon special deposits the sub-account Coupon Interest Matured should be charged and the account Coupon Special Deposits credited.

355. DIVIDENDS DECLARED.

When any dividend is declared, it shall be credited to this account and here remain until it is paid, when it shall be charged to this account and credited to "Cash" or other suitable account.

356. BILLS PAYABLE.

When any negotiable which matures not later than one year after date of issue (or of demand) or assumption by the corporation of primary liability thereon is issued or assumed, the par value thereof shall be credited to this account, and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account.

357. ACCOUNTS PAYABLE.

Credit to this account when incurred all liabilities of the corporation upon open accounts.

358. OTHER UNFUNDED DEBT.

Credit to this account, at face value, all unfunded debt upon which the corporation is liable, and which is not elsewhere provided for.

37. **Reserves.**—Reserves shall be classified as *Permanent* and *Temporary*.

38. **Permanent Reserves defined.**—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. Permanent

reserves shall be classified into the two classes: *Premiums on Stocks*, and *Other Permanent Reserves*.

371. PREMIUMS ON STOCKS.

Premiums on stocks shall be sub-classified with respect to the several classes of stocks, for definitions of which see the accounts under the head "Stocks". A sub-account shall be kept for each particular class of stocks, and such sub-accounts shall be severally entitled:

Premiums on Debenture Stocks,
Premiums on First Preferred Stocks,
Premiums on Second Preferred Stocks, etc., and
Premiums on Common Stocks.

When a premium is realized upon an issue of any particular class of stock, such premium shall be credited to the sub-account above provided for such class of stock, and such credit shall remain in such account so long as such stock remains outstanding. By a premium realized (as the words are above used) is meant the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value thereof shall be considered the premium realized.

372. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account shall be created for each particular purpose for which a reserve is raised, and the purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

39. *Temporary Reserves defined.*—By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. *Temporary Reserves* shall be classified as *Contractual Reserves* and *Non-contractual Reserves*.

40. *Contractual Reserves defined.*—*Contractual Reserves* are reserves necessitated by contracts of the corporation, as e. g., reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account shall be raised for each particular contractual reserve, and to such account shall be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

41. *Non-contractual Reserves defined.*—*Non-contractual Reserves* are such temporary reserves as are raised without being required under any contract. *Non-contractual Reserves* are divided into *Required* and *Optional*.

42. *Required Reserve accounts.*—Required reserves are provided for in the following accounts:

374. ACCRUED AMORTIZATION OF CAPITAL.

Credit to this account such amounts as are charged from time to time to "Operating Expenses," or other accounts to cover depreciation of way and structures, depreciation of equipment, and other amortization of capital.

When any capital is retired from service, the original money cost thereof (estimated if not known, and where estimated, that fact and the facts upon which the estimate is based shall be stated in the entry), less salvage, shall (except as provided in account No. 8100, "Fixed Capital, December 31, 1908,") be charged to this account. The amount originally entered or contained in the charges to any capital account in respect of such capital so going out of service shall be credited to such capital account, and any necessary adjusting entry made to the appropriate sub-account under the account "Corporate Surplus or Deficit".

375. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidence of indebtedness and the accrued interest shall be credited to this account. At monthly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity shall be charged to this account and credited to "Amortization of Premium on Debt," in "Income" account; or at the option of the corporation the charge to this account may be delayed to a time not later than the date of maturity of the debt, in which case the proportion applicable to the period covered by the then current income account shall be credited to the account "Amortization of Premium on Debt," and the remainder of the credit shall be to the account "Other Additions to Surplus".

376. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve shall show the purpose of the reserve and every subsequent entry with respect to that reserve shall designate the reserve to which it relates.

43. *Optional Reserve accounts.*— *Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

381. CASUALTIES AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualties and Insurance Reserve". Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

382. OTHER OPTIONAL RESERVES.

A sub-account shall be raised for each particular reserve, and its title shall designate the purpose of such reserve and the first entry therein shall express in full such purpose.

44. **Stocks defined.**—By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

45. **Stocks classified.**—Stocks are classified as:

Debenture Stocks,

First Preferred Stocks,

Second Preferred Stocks, etc., and

Common Stocks.

46. **Debenture Stocks defined.**—*Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

47. **First Preferred Stocks defined.**—*First Preferred Stocks* are those which have the first claim upon such dividends as may be distributed. They may be cumulative or noncumulative, participating or nonparticipating. If *cumulative*, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends until satisfied; if *noncumulative*, such amount lapses. If a first preferred stock is *participating*, it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if *nonparticipating*, it is limited to the stipulated rate.

48. **Second Preferred Stocks defined.**—*Second Preferred Stocks* are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or noncumulative, participating or nonparticipating.

49. **Common Stocks defined.**—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

50. **Voting Powers.**—Stocks differ also in regard to the voting powers incident to ownership of them.

51. **Retirement of Stocks.**—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

52. **Separate account required for each class of stocks.**—In the accounts of stocks outstanding, a separate account shall be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks, and shall be clearly expressed in the first entry in such account. To the account for any class of stocks shall be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other con-

sideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be by him disposed of for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess shall be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

SCHEDULE B.

INCOME ACCOUNT.

1. **Income and Inducant accounts compared.**—A comparison of the balances in the foregoing accounts (Schedule A) at any particular moment will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the Balance Sheet or Inducant Accounts. Their balances indicate the condition of the corporation at any particular time. These accounts with their subsidiary accounts are all that are necessary prior to the time when the corporation becomes what may be called a "going concern".

When a corporation begins operations, it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the "Income" account. They are made up usually on a yearly basis, and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group.

2. **Divisions of Income account.**—The principal divisions of this group of accounts are the "Revenue" accounts, the "Revenue Deduction" accounts, the "Income Deduction" accounts, and the "Appropriation" Accounts.

3. **Revenues defined.**—By *Revenues*, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interests in property). Revenues are classified as *Operating Revenues* and *Non-operating Revenues*.

4. **Operating Revenues defined.**—Operating Revenues are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its operations.

5. **Non-operating Revenues defined.**—Non-operating Revenues are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as *Rents*, *Interest*, *Dividends*, and *Miscellaneous*.

6. **Revenue Deductions defined.**—Revenue Deductions include *Expenses*, *Taxes*, and *Uncollectible Bills*.

7. **Expenses defined.**—Expenses are those outgoes (including capital consumed) necessary to the production of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into *Operating Expenses* and *Non-operating Expenses*. *Operating Expenses* are those incident to the operating revenues.

8. **Taxes defined.**—Taxes are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. **Uncollectible Bills defined.**—When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity (as *e. g.*, electric energy or gas for light, heat, or power), current accounts or claims against such consumers for such service rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills*.

10. **Gross Income, Income Deductions, and Net Corporate Income defined.**—Revenues, diminished by expenses, taxes, and uncollectible bills, give an amount called *Gross Income*, which is applicable to corporate and leased properties. Gross income is subject to several compulsory deductions, mostly contractual, like rent, interest, etc., and the remainder after these are made is called *Net Corporate Income*, which being subject only to the discretion of the corporation is most conveniently carried directly to the corporate surplus. The accounts covering the compulsory deductions from gross income, as above defined, are called the *Income Deduction* accounts.

11. **Appropriation accounts defined.**—The accounts covering the yearly changes in the corporate surplus are called the *Appropriation* accounts, since practically all of the matters covered by them are within the discretion of the corporation, although they also include certain adjustments made because of facts of previous years imperfectly accounted for at the time (whether through error or through lack of information), and certain other minor matters like extraordinary expenses not chargeable as deductions from revenues; also such matters as profits on the sale of capital, and profits and losses on the sale of investments.

12. **Definitions of Street Railroad Operating Revenue accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

I. REVENUE FROM TRANSPORTATION.

451. PASSENGER REVENUE.

This account includes amounts earned by the accounting corporation in the transportation of passengers in regular cars.

Credit to this account the carrier's proportion of receipts from the sale of tickets and the collection of cash fares; also overcollections made in excess of determined rates, such overcollections to be held subject to claim. Charge to this account amounts paid for fares refunded; amounts paid for tickets redeemed, and amounts paid for transferring passengers and baggage between stations or depots, except in cases where the transfer of both passengers and baggage is provided in the division of the through rate.¹

NOTE A.—Cash fare penalty collections made by conductors and the proportion of amounts collected on sale of mileage tickets and mileage credentials subject to refund must not be credited to "Passenger Revenue".

NOTE B.—"Passenger Revenue" should be credited with mileage tickets only as the mileage therefrom is honored for transportation. Receipts from mileage books when sold should be credited to an open account, which account should be charged and "Passenger Revenue" credited as the mileage is honored. A similar practice

¹ Charges to this and the following revenue accounts must be made in such wise as to permit their classification in the annual report of the corporation to the Public Service Commission.

should be followed in connection with the sale of strip, coupon, and other tickets not restricted to continuous trips.

452. BAGGAGE REVENUE.

Credit to this account amounts earned by the carrier in the transportation of baggage in excess of free authorized allowances; also packages, articles, dogs, etc., transported as baggage. Charge to this account all baggage refunds.

453a. CHARTERED CAR REVENUE.

Credit to this account revenue from cars chartered for special passenger service.

453b. PARLOR AND CHAIR CAR REVENUE.

Credit to this account amounts earned by the carrier in fares collected from passengers for seats in parlor, observation, chair, and other specially equipped passenger cars operated by street railroad companies. Charge to this account authorized refunds and tickets redeemed.

454. MAIL REVENUE.

Credit to this account amounts earned by the carrier in the transportation of mail and revenue from railroad postoffice cars, special facilities, and bonuses for special mail transportation. Charge to this account fines and penalties imposed by the Government when not collected from agents or employees.

455. EXPRESS REVENUE.

Credit to this account amounts earned by the carrier in transportation and for facilities on cars and at stations incident to the transportation of express matter, not including the separate rents of offices at stations. (See account No. 465c, "Rent of Buildings and Other Property".)

When a street railroad company transacts an express business through its regular railroad organization, the earnings therefrom should be credited to this account.

The term "express" is intended to cover matter handled at a higher rate than freight on account of quicker service or of collection and delivery.

456. MILK REVENUE.

Credit to this account amounts earned by the carrier in the transportation of milk and cream. Charge to this account refunds and overcharges on milk and cream so carried.

457. FREIGHT REVENUE.

This account includes amounts earned by the carrier in the transportation of freight.

Credit to this account the carrier's proportion of receipts for freight transportation; also overcollections made in excess of proper rates, such overcollections to be held subject to claim. Charge to this account overcharges paid resulting from the use of erroneous rates, weights, or classification; amounts paid for switching absorbed; authorized allowances; uncollected earnings on freight destroyed in transit and on short and lost freight; also uncollectible undercharges determined after delivery has been made.

458. SWITCHING REVENUE.

Credit to this account amounts earned by the carrier in switching service. Charge to it all overcharges on such switching.

459. MISCELLANEOUS TRANSPORTATION REVENUE.

Credit to this account amounts earned by the carrier in transportation not otherwise provided for.

II. OTHER STREET RAILROAD OPERATING REVENUES.

461. ADVERTISING AND OTHER PRIVILEGES.

Credit to this account the carrier's revenues from weighing, vending, and other automatic machines located at stations; from advertising at stations and on cars; from news companies or others for the privilege of operating news and other stands at stations, and selling papers, periodicals, fruit, etc., on cars; from telephone companies for the privilege of installing and operating commercial telephones at stations; and from other similar sources.

462a. PARCEL ROOM RECEIPTS.

Credit to this account the carrier's revenues from the operation of parcel rooms, the expenses of which are included in operating expenses.

462b. STORAGE.

Credit to this account the carrier's revenues from storage of freight and baggage. Charge to it authorized refunds.

463. CAR SERVICE.

Credit to this account amounts accruing as penalties for delay in loading or unloading cars (demurrage). Charge to it authorized refunds.

464. TELEPHONE AND TELEGRAPH SERVICE.

Credit to this account the carrier's revenues from commercial telephone and telegraph business transacted by it when the expense of transacting such business can not be separated from the expense of conducting the railroad service; also amounts received from telephone and telegraph companies, whether proportion of earnings or otherwise, for the privilege of transacting a commercial telephone or telegraph business in offices along the carrier's lines, when the carrier furnishes some service of its employees whose wages are included in operating expenses.

NOTE.—When a telephone company or a telegraph company rents the line of the carrier and pays all expenses incident to its maintenance and operation, the rent received should be credited to Non-operating Revenues.

465a. RENT OF TRACKS AND TERMINALS.

Credit to this account all compensation received for the use of bridges, electric lines, tracks, and terminals in the possession of and maintained or operated by the accounting corporation primarily for its own benefit. Also credit to it the rent element or the profit or return upon the value of property involved in amounts chargeable against participating companies or corporations for their use of such bridges, electric lines, tracks, and terminals in the possession of and maintained or operated by the accounting corporation for the joint benefit of itself and the using companies or corporations under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, where such arrangement permits including in the charge an element of profit or return upon the property involved. Such profit or return must be over and above any provision for wear and tear and depreciation of such property, and the amount credited to this account in respect thereof must be as provided in the said arrangement.

NOTE.—Revenue from leased lines not operated by the lessor should be included in Non-operating Revenues.

465b. RENT OF EQUIPMENT.

Credit to this account all compensation received for the use of cars, loco-

motives, the electric equipment of cars, and other equipment only temporarily out of the possession of the accounting corporation but usually in its possession and held by it primarily for its own benefit. Also credit to it the rent element or the profit or return upon the value of property involved in amounts chargeable against participating companies or corporations for their use of such equipment maintained or operated or held by the accounting corporation for the joint benefit of itself and the using companies or corporations under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, where such arrangement permits including in the charge an element of profit or return upon the property involved. Such profit or return must be over and above any provision for wear and tear and depreciation of such equipment, and the amount credited to this account in respect thereof must be as provided in the said arrangement.

NOTE.—Revenue from leased equipment held exclusively by another company or corporation under some form of lease should be included in Non-operating Revenues.

465c. RENT OF BUILDINGS AND OTHER PROPERTY.

Credit to this account the carrier's revenues from rents of buildings, land, and other property, such as depot and station grounds and buildings, general and other offices, rooms rented at stations, docks, wharves, ferry landings, section and other houses, etc., when such property is used in connection with operations and is maintained or operated by the accounting corporation primarily for its own benefit. Also credit to it the rent element or the profit or return upon the value of property involved in amounts chargeable against participating companies or corporations for their use of such property in the possession of and maintained or operated by the accounting corporation for the joint benefit of itself and the using companies or corporations under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, where such arrangement permits including in the charge an element of profit or return upon the property involved. Such profit or return must be over and above any provision for wear and tear and depreciation of such property, and the amount credited to this account in respect thereof must be as provided in the said arrangement.

NOTE.—Revenue from rent of real estate purchased or conducted as an outside investment, and out of the possession of the accounting corporation, should be included in Non-operating Revenues.

466a. SALE OF POWER.

Except as provided in the following sentence, credit to this account all receipts from the sale of power, whether for lighting, heating, or motive purposes. If the company conducts a general lighting and power business, as well as a street railroad business, the receipts from such lighting and power business should not be credited to this account, but to a separate account.

NOTE.—The expenses of conducting such lighting and power business should be excluded from the expenses of the street railroad operations through the means of the several accounts entitled "Other Operations — Cr."

466b. JOINT ELECTRIC POWER REVENUE.

When a carrier engages in the production of power for the benefit of another company or companies under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, if such arrangement provides for the receipt by the car-

rier of any profit or return upon its property, such profit or return shall be credited to this account. Such profit or return must be over and above any provision for wear and tear and depreciation in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

467. PARK AND RESORT REVENUE.

Credit to this account the carrier's receipts from the sale of privileges, admission tickets, etc., in connection with amusement parks, park properties, and resorts operated primarily for the purpose of inducing travel.

NOTE.—When such properties are operated primarily for other purposes, the revenues therefrom must be credited to Revenues from Outside Operations.

468. MISCELLANEOUS.

Credit to this account all revenue from street railroad operations (other than transportation) not includible in the preceding revenue accounts.

13. Revenues from Outside Operations.—The detailed revenue accounts for operations other than the above mentioned will be provided for elsewhere.

14. Operating Expenses defined.—By the *operating expenses* of a corporation are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of the commodities produced, and the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived are excluded from operating expenses.

15. Definitions of certain terms used in connection with expense accounts.—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes not only wages, salaries, and fees paid to persons for their services, but also such personal expenses incurred by them in connection with the rendition of their services as are reimbursed by the employer.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account, as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

16. Definitions of Street Railroad Operating Expense accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

GENERAL ACCOUNTS.

- I.—Maintenance of Way and Structures.
- II.—Maintenance of Equipment.
- III.—Traffic.
- IV.—Conducting Transportation.
- V.—General and Miscellaneous.

I. MAINTENANCE OF WAY AND STRUCTURES.

701. SUPERINTENDENCE OF WAY AND STRUCTURES.

Charge to this account salaries and office and traveling expenses of officers and their assistants when directly in charge of Maintenance of Way and Structures, including chief engineer, engineer maintenance of way, superintendent of electric line, superintendent of buildings, architect, division engineer, roadmasters, track foremen, and office and field forces; cost of repairing drafting and engineering instruments, and original cost of such instruments as are not properly capitalized; cost of supplies used by officers and employees whose salaries are charged to this account; office rent, cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

NOTE A.—No portion of expenses of general offices shall be charged to this account.

NOTE B.—When employees enumerated above are engaged in work not chargeable to "Maintenance of Way and Structures," their salaries and expenses should be charged to the specific work on which engaged.

NOTE C.—When employees enumerated above also have supervision over other departments, their salaries and expenses should be properly apportioned (in accordance with the service rendered) between the departments over which they have jurisdiction.

704. BALLAST.

Charge to this account all expenses incident to the purchase and production of ballast used for maintenance: purchase price of gravel, stone, slag, cinders, sand, and other material used for ballast, including freight charges, if any; payments for gravel and quarry rights and privileges; expenses of sinking test holes; stripping, blasting, loading, and other expenses in connection with production of ballast.

NOTE.—The cost of labor of delivering, unloading, and putting ballast into track should be charged to account No. 710, "Roadway and Track Labor".

705. TIES.

Charge to this account the cost of ties and timbers used to renew cross, switch, and bridge ties, head-blocks and railroad crossing timbers for main and repair tracks, sidings, and spurs; in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables; including freight, inspection, and any special treatment for preservation.

NOTE.—The cost of labor of unloading, distributing, and putting ties into track should be charged to account No. 710, "Roadway and Track Labor".

706. RAILS.

Charge to this account the cost of rails used to renew main and repair tracks, sidings, and spurs; tracks in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables, including freight and inspection; also of guard rails used in track.

NOTE.—The cost of labor of unloading, distributing, and laying rails in track should be charged to account No. 710, "Roadway and Track Labor".

707. RAIL FASTENINGS AND JOINTS.

Charge to this account the cost of rail fastenings and joints used for repairs and renewals, including fish-plates, braces, tie-plates, tie-rods, nuts, bolts, spikes, cost of welded joints, etc., for main and repair tracks, sidings, and spurs; tracks in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables, including freight and inspection.

NOTE.—The cost of applying rail fastenings and joints should be charged to account No. 710, "Roadway and Track Labor".

708. SPECIAL WORK.

Charge to this account the cost of material used in repairing and renewing special work, including steam and street railroad crossings, crossovers, curves, frogs, runoffs, switches, switchmates, and turnouts, including freight and inspection.

NOTE.—The cost of labor in connection with this work should be charged to account No. 710, "Roadway and Track Labor".

709. UNDERGROUND CONSTRUCTION.

This account is to be used only for railroads operated by underground electric contact system, and for those operated by cable traction.

Charge to this account the cost of material used in repairing and renewing yokes, concrete work, manhole frames and covers, slot rails, drainage pipes, pulleys and sheaves, and other fixtures and appurtenances peculiar to underground electric or cable construction.

NOTE A.—The cost of labor in connection with this work should be charged to account No. 710, "Roadway and Track Labor".

NOTE B.—The cost of repairing and renewing track rails, track rail fastenings and joints, and electric contact rails and insulators, and cables of cable railroads, must not be charged to this account.

710. ROADWAY AND TRACK LABOR.

Charge to this account the cost of all labor in unloading, distributing, and placing ballast; renewing and relaying ties; repairing, renewing, and relaying rails; repairing, renewing and replacing rail fastenings and joints; repairing, renewing, and replacing special work; and repairing, renewing, and replacing underground construction; also that used in grading, aligning, surfacing, and gauging tracks; taking up track, whether another is laid to replace it or not; constructing and cleaning tile and open ditches; protecting banks by retaining walls, riprap, piling, piers, dikes, or other means; patrolling, inspecting, and watching track, and other miscellaneous roadway and track labor.

711. PAVING.

Charge to this account the cost of material used and labor expended in repairing and renewing paving, including granite, wood, brick, and asphaltum pavement, sand and concrete work made necessary by repairs and renewals of paving; hauling and distributing material; also cost of removing old material.

Repairs and renewals of street paving in connection with roadway and track required by municipalities shall also be charged to this account.

712. MISCELLANEOUS ROADWAY AND TRACK EXPENSES.

This account includes the cost of roadway tools when chargeable to expenses,

and cost of all material used and labor expended in repairing and renewing all tools, implements, flags, lanterns, etc., used in repairing roadway and track; also such other material, supplies, and incidental expenses as are not properly chargeable to any of the foregoing accounts under Maintenance of Roadway and Track.

713. CLEANING AND SANDING TRACK.

Charge to this account the cost of all material used and labor expended in cleaning, greasing, watering, sprinkling, and oiling roadway and tracks; sanding track; cost of sand and of hauling, drying, and distributing same; cost of track brooms and other cleaning and sanding tools and apparatus; curve grease, water for sprinkling and watering track, oil for oiling road-bed, and all other supplies and expenses incident to the work.

NOTE A.—Repairs of sprinkling and sand cars used in connection with this work should be charged to account No. 747, "Repairs of Service Cars".

NOTE B.—Repairs of wagons and harness used in connection with this work should be charged to account No. 754, "Repairs of Vehicles".

NOTE C.—Cost of sprinkling rendered necessary by repairs or construction of track or paving should be charged to the proper maintenance or construction account.

714. REMOVAL OF SNOW, ICE, AND SAND.

Charge to this account the cost of all material used and labor expended for removal of snow, ice, and sand from tracks, whether done by the company or otherwise, including tools and expenses; cost of salt and delivering same in car houses or bins, and the wages of men engaged in salting track and operating snow-plows, sweepers, scrapers, etc.

NOTE A.—Repairs and renewals of salt cars, snow-plows, sweepers, scrapers, and miscellaneous snow and sand equipment used in connection with this work should be charged to account No. 747, "Repairs of Service Cars".

NOTE B.—Repairs of wagons used in connection with this work should be charged to account No. 754, "Repairs of Vehicles".

716. REPAIRS OF TUNNELS.

Charge to this account the cost of repairing tunnels; pay of tunnel watchmen and cost of supplies used by them; cleaning, re-painting, and whitewashing; and maintenance of lighting, ventilating, and drainage systems. This account does not include repairs or renewals to roadway, tracks, or electric feeder and contact lines through tunnels.

717. REPAIRS OF ELEVATED STRUCTURES AND FOUNDATIONS.

This account is intended to be used only by companies operating an elevated railroad system; charge to this account the cost of all repairs to elevated structures and their foundations.

718. REPAIRS OF BRIDGES, TRETTLES, AND CULVERTS.

Charge to this account the cost of all repairs to bridges, trestles, culverts (both substructure and superstructure), piers, abutments, masonry, and drainpipes, including repairs made necessary by washouts; retaining walls, riprapping, and dikes necessary to protect or strengthen bridges and culverts against ice, water, or drift; guards on bridges, framing ties for bridges; bridge signs or number boards; cost of cleaning channels under bridges and cleaning culverts; altering and bracing bridges and trestles during progress of filling.

Also charge to it the cost of removing old bridges in connection with construction of new bridges, and the cost of constructing and removing temporary or false work used in repairing bridges and culverts.

Pay of bridge foremen and bridge watchmen and cost of all supplies used by them, and pay of bridge inspectors and expenses incident to bridge inspection shall be charged to this account.

NOTE.—Any structure carrying tracks of the accounting corporation over other tracks, or over a stream, highway, or canal should be considered a bridge or a culvert. The cost of maintaining structures carrying other tracks, canals, highways, etc., over the accounting corporation's tracks should be charged to the following account, "Repairs of Crossings, Fences, and Signs".

719. REPAIRS OF CROSSINGS, FENCES, AND SIGNS.

Charge to this account the cost of all repairs to street, road, and farm crossings at grade, overhead bridges and viaducts, roadways of undergrade foot or wagon crossings; crossing gates and warning signals; cost of drainage and excavations for undergrade crossings; and payments and assessments for street repairs or sewers at crossings; also the cost of repairs to right of way fences, snow and sand fences, cattle-guards, wing-fences, aprons, and hedges, and mile, section, warning, and other roadway signs.

NOTE A.—Street or sewer repairs within the limits of shop grounds or immediately adjacent to station buildings should be charged to account No. 725, "Repairs of Buildings and Structures".

NOTE B.—This account does not include ballast, ties, or other track material, and track labor at street, road, and farm crossings, such being provided for in preceding accounts.

720. REPAIRS OF SIGNAL AND INTERLOCKING SYSTEMS.

Charge to this account the cost of repairs to buildings and appliances of interlocking systems, and semaphores, block, and other signal systems, and all machinery such as air compressors, levers, boilers, dynamos, engines, and machinery and fixtures used in connection therewith.

NOTE A.—This account does not include the cost of track material proper required in connection with interlockers, such as switches, special track fastenings, split rails, frogs, etc., the cost of which should be charged to proper Maintenance of Way accounts.

NOTE B.—Rent of appliances for signals and interlocking systems should be charged to account No. 811, "Operation of Signal and Interlocking Systems".

NOTE C.—If signal wires are attached to poles and fixtures used for other purposes, the cost of repairs of such poles and fixtures should be charged to account No. 8522, "Pole and Fixture Repairs".

721. TELEPHONE AND TELEGRAPH REPAIRS.

Charge to this account the cost of all repairs and renewals of telephone and telegraph systems owned by the company or for which it is responsible, including conduits, poles, cross-arms, insulators, wires, cables, cable-boxes, instruments, battery jars, switchboards, and all other appurtenances forming a part of the telephone and telegraph systems.

NOTE A.—Rents of telephone and telegraph systems shall be charged not to this account, but to account No. 812, "Operation of Telephone and Telegraph Systems".

NOTE B.—If telephone or telegraph wires are attached to poles and fixtures used for other purposes, the cost of repairs of such poles and fixtures should be charged to account No. 8522, "Pole and Fixture Repairs".

722. OTHER MISCELLANEOUS WAY EXPENSES.

Charge to this account all expenses in connection with Maintenance of Way not properly chargeable to preceding accounts.

8522. POLE AND FIXTURE REPAIRS.

Charge to this account the cost of repairing and renewing poles, cross-arms, and insulating pins, brackets, and other pole fixtures, braces and other supports for holding the poles in position; also repairs of towers and other

structures maintained primarily for supporting the overhead electric construction.

This account does not include insulators.

NORM.—The cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction shall, when the individual costs of the same equal or exceed \$100, be treated through the appropriate capital accounts. When the individual cost is less than \$100, the replacement may be charged directly to this account.

\$523. UNDERGROUND CONDUIT REPAIRS.

Charge to this account the cost of repairing and renewing conduits required for underground wires and cables, including manholes, sewer connections, sewer traps, and all other material necessary to the maintenance of the conduit system.

\$524. TRANSMISSION SYSTEM REPAIRS.

Charge to this account the cost of repairing and renewing the transmission system, including cables, wires, insulators and insulating material; also cost of changing route of line or removing line when no replacement is made.

NORM.—In electric railroad operations, when the electric current generated (or received) is changed by means of (a) rotary converters, or (b) motor generator sets, or (c) static transformers (sub-station apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the Transmission System. Tie-lines between generating stations and sub-stations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system), including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as Distribution System.

\$527. DISTRIBUTION SYSTEM REPAIRS.

Charge to this account the cost of repairing and renewing the distribution system, as follows:

a. *Overhead feeders* for distributing energy from power stations and sub-stations, including insulators and connections.

b. *Underground feeders* for distributing energy from power stations and sub-stations, including insulators and connections.

c. *Track bonding*, including track bonds, cost of punching and drilling rails for track bonds, and testing for defective bonding.

d. *Overhead trolley*, including cost of trolley, guard, span, strain, supplementary and other wires, and all catenary construction used in connection with the overhead trolley system.

e. *Third rail*, including cost of third rail, braces and supports for same, insulating devices, material used for covering and protecting same, and all fixtures and appliances connected with third-rail conductors.

f. *Underground contact rails*, including cost of contact rails, and braces, supports, insulating devices and other appliances in underground contact systems.

Corporations which desire to keep sub-accounts of the Distribution System Maintenance Expense shall follow the foregoing classification.

NORM.—For the definition of the distribution system, see the note to the preceding account No. \$524, "Transmission System Repairs".

724. MISCELLANEOUS ELECTRIC LINE EXPENSES.

Charge to this account all expenses in connection with maintenance of electric line not properly chargeable to other accounts. Such replacements as are chargeable to the capital accounts shall not be included here.

725. REPAIRS OF BUILDINGS AND STRUCTURES.

Charge to this account the cost of repairs of buildings and structures used in the operation of the road; cost of repairs of fixtures therein; cost of maintaining walks, driveways, and grounds connected with buildings; cost of delivering material, including freight charges, if any, and all incidental expenses connected with the maintenance of buildings and structures.

The term "Buildings and Structures," in addition to embracing the buildings proper, shall be understood to include fixtures when immovable and built in as a part of the structure; pipes for gas, water, sewerage, and drainage; apparatus for heating, lighting, and ventilating; freight and passenger elevators with fixtures and appurtenances; platforms; appliances for protecting buildings against fires; fences, walls, sidewalks, and pavements within the limits of grounds immediately adjacent to buildings or yards, except paving in tracks.

NOTE.—The cost of replacement of a building or structure, when in excess of \$100, shall be treated through the appropriate capital account; when less than \$100, it may be charged directly to this account or a sub-account hereunder.

Repairs of buildings and structures may, if desired, be further classified under the following headings, which shall be the titles of sub-accounts set up hereunder:

- a. *Power plants.*
- b. *Sub-stations, including storage battery buildings.*
- c. *Car houses.*
- d. *Shops.*
- e. *General office buildings.*
- f. *Stations, waiting rooms, and platforms.*
- g. *Docks and wharves.*
- h. *Miscellaneous buildings and structures.*

i. *Other building and structure maintenance, which shall include all expenses in connection with maintenance of buildings and structures not properly chargeable to any of the foregoing subdivisions.*

NOTE.—The cost of repairs and renewals of track and electric line in buildings, yards, and grounds should be charged to the proper accounts under Maintenance of Way or Maintenance of Electric Line.

726. OTHER OPERATIONS — DR.

Charge to this account the proportion of operating expenses chargeable to Maintenance of Way and Structures of the railroad department, but defrayed, in the first instance, by another coordinate department (such as electric light, heat, power, or gas) within the same corporation.

727. JOINT WAY AND STRUCTURES — DR.

When any way or structure is maintained by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance, the portion of such expense to be met by the accounting corporation shall be charged to this account. The portion so charged may include provision for depreciation of such way or structure as well as current outlay for repair, but must not include any allowance for profit or return upon such property.

NOTE. — The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent

of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

728. OTHER OPERATIONS — CR.

Credit to this account the proportion of the Maintenance of Way and Structures expense chargeable to other coordinate departments (such as electric light, power, heat, or gas) within the same company, but defrayed in the first instance by the street railroad department.

729. JOINT WAY AND STRUCTURES — CR.

When any way or structure is maintained by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance, the portion of such maintenance expense chargeable to such others under the arrangement shall be credited to this account. The portion so credited may include provision for depreciation of such way or structure as well as current outlay for repairs, but must not include any allowance for profit or return upon such property.

NOTE A.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

NOTE B.—If in the case of the production of power, part of which is transferred to another, the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to revenue account No. 466a, "Sale of Power," and on the part of the paying company is to be charged to the expense account No. 786, "Power Purchased".

730. DEPRECIATION OF WAY AND STRUCTURES.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the month on all way and structures of the accounting corporation. Credit to this account each month an amount equal to the sum of the amounts charged for that month to the various repair accounts in Maintenance of Way and Structures. The net amount charged (or credited) to this account for any month shall be concurrently credited (or debited) to the reserve account "Accrued Amortization of Capital". When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. S100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the reserve account "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit". Where capital is substantially continuous, such as track, and can not be satisfactorily individualized, the capital shall be kept in efficient operating condition through repair, and the renewals and replacements of parts thereof shall be considered repairs. In the case of buildings, towers, bridges, trestles, and other separate structures capable of being readily individualized, charges to this account must be sufficient to provide (in respect of such capital, and except as provided in account No. S100, "Fixed Capital, December 31, 1908,") in the account "Accrued Amortization of Capital" by the time such structures go out of service a reserve equal to the original cost thereof, less salvage, to which account such original cost, less salvage, may be charged.

NOTE.—Until otherwise ordered, the "amount estimated to be necessary to cover

such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of revenue car-miles. Whatever may be its basis, such rule and a sworn statement of the facts and expert opinions and estimates upon which it is based shall be filed with the Public Service Commission on or before July 1, 1909; each amendment of such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Depreciation of Way and Structures".

II. MAINTENANCE OF EQUIPMENT.

741. SUPERINTENDENCE OF EQUIPMENT.

Charge to this account salaries and office and traveling expenses of officers and their assistants when directly in charge of equipment, including superintendent of equipment, mechanical engineer, electrical engineer, superintendent of rolling stock, master car builder, master mechanic, general foreman, and their office forces.

Charge also to this account the cost of repairing drafting and engineering instruments, and the original cost of such instruments as are not properly capitalized; cost of supplies used by employees whose salaries are charged to this account; office rent, cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

NORM A.—No portion of expenses of general offices shall be charged to this account.

NORM B.—When employees enumerated above are engaged in work not chargeable to "Maintenance of Equipment," their salaries and expenses should be charged to the specific work on which engaged.

NORM C.—When employees enumerated above also have supervision over other departments, their salaries and expenses should be properly apportioned (on the basis of service rendered) between the departments over which they have jurisdiction.

S508. REPAIRS OF FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of repairing furnaces, boilers, boiler apparatus and accessories. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the foundations and settings of such boilers and appurtenances. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

S509. REPAIRS OF STEAM ENGINES.

Charge to this account the cost of repairing steam engines of the power generating plant. This includes the foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe. Where the electric rotor is mounted on the engine

shaft, the shaft shall be considered a part of the steam engine and the electric rotor thereon shall be considered a part of the electric equipment.

S510. REPAIRS OF HYDRAULIC POWER PLANT.

Charge to this account the cost of repairing hydraulic structures and apparatus, dams, canals, wheel pits, tailraces, water racks, headgates, wasteways, standpipes, gate house, penstock, water-wheels, wheel cases, wheel governors, wheel gates, wheel valves, relief valves, dredging reservoir and repairs around the same, and filling in or repairing embankments.

S511. REPAIRS OF GAS POWER EQUIPMENT.

Charge to this account the cost of repairing the gas power equipment, including producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfits, seals, specially provided boilers and pumps, gas engines, ignition and compressed air apparatus, piping, holders, and other auxiliary apparatus.

S512. REPAIRS OF POWER PLANT ELECTRIC EQUIPMENT.

Charge to this account the cost of repairing the electric machinery and apparatus of the power generating plant, including dynamos, alternators, generators, rotaries, and other apparatus for generating electric energy; switchboards, station cables, and feeder terminals and wiring in connection with the same; boosters, rheostats, circuit breakers, voltmeters, ammeters and the like, with their foundations and settings.

NOTE.—This account should not include any sub-station equipment.

S513. REPAIRS OF MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of repairing all miscellaneous equipment of power plants which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, cranes, hoists, etc., machine tools and such other tools at power plants as are proper to be capitalized, etc.

NOTE.—This account should not include any sub-station equipment.

742g. REPAIRS OF CABLE POWER EQUIPMENT.

Charge to this account the cost of repairing power plant machinery and apparatus used in connection with the operation of cable or incline railroad cars. Such equipment includes the cables as well as boilers, engines, leading wheels and bearings, etc.

S528. REPAIRS OF SUB-STATION EQUIPMENT.

Charge to this account the cost of repairing sub-station apparatus, including storage batteries, transformers, rotary converters, oil switches, switchboards, and switchboard appliances and wiring in connection with the same.

744. REPAIRS OF PASSENGER AND COMBINATION CARS.

Charge to this account the cost of repairing passenger and combination cars.

The term "car" includes body and trucks, and all fixtures and appliances inside of or attached to the car body or trucks, except the electric equipment of the car. The term "combination car" includes all cars that are used in part for carrying passengers.

The cost of shifting trucks of cars from car bodies of this class shall be charged to this account.

NORM.—Incandescent lamps and other supplies for cars should be charged to account No. 808, "Miscellaneous Car Service Expenses".

745. REPAIRS OF FREIGHT, EXPRESS, AND MAIL CARS.

Charge to this account the cost of repairing freight, express, and mail cars, from the operation of which revenue is derived.

The term "car" includes body and trucks, and all fixtures and appliances inside of or attached to the car body or trucks, except the electric equipment of the car.

The cost of shifting trucks of cars from car bodies of this class shall be charged to this account.

NOTE.—Incandescent lamps and other supplies for cars should be charged to account No. 806, "Miscellaneous Car Service Expenses".

746. REPAIRS OF LOCOMOTIVES.

Charge to this account the cost of repairs of locomotives, which term includes body and trucks, and all fixtures and appliances inside of or attached to the body or trucks, except the electric equipment of locomotives.

The cost of shifting trucks of locomotives from one locomotive to another shall be charged to this account.

NOTE.—Incandescent lamps and other supplies for locomotives should be charged to account No. 806, "Miscellaneous Car Service Expenses".

747. REPAIRS OF SERVICE CARS.

Charge to this account the cost of repairs of service cars, including water cars, sprinkling cars, sand cars, salt cars, supply cars, line cars, snow-plows, sweepers, scrapers, and other work, sand, and snow equipment.

The term "car" includes body and trucks, and all fixtures and appliances attached to the car body or trucks, except the electric equipment of the car.

The cost of shifting trucks of cars from car bodies of this class shall be charged to this account.

NOTE.—Incandescent lamps and other supplies for cars should be charged to account No. 806, "Miscellaneous Car Service Expenses".

749. REPAIRS OF ELECTRIC EQUIPMENT OF CARS.

Charge to this account the cost of repairing the electric equipment and wiring of all passenger, combination, freight, express, mail, and service cars.

The cost of shifting the electric equipment of cars from one car to another shall be charged to this account.

NOTE.—Incandescent lamps and other supplies for cars should be charged to account No. 806, "Miscellaneous Car Service Expenses".

750. REPAIRS OF ELECTRIC EQUIPMENT OF LOCOMOTIVES.

Charge to this account the cost of repairing the electric equipment and wiring of locomotives.

The cost of shifting the electric equipment of locomotives from one locomotive to another shall be charged to this account.

NOTE.—Incandescent lamps and other supplies for locomotives should be charged to account No. 806, "Miscellaneous Car Service Expenses".

752. REPAIRS OF SHOP MACHINERY AND TOOLS.

Charge to this account the cost of repairing machinery and tools in shops and car houses, such as engines and boilers, shafting and belting; cranes, hoists, jacks, and other equipment used in connection therewith; furnaces, forges, lathes, shapers, drill presses, wheel grinders and wheel presses, planers, etc.

753. SHOP EXPENSES.

Charge to this account all expenses for heating and lighting repair shops; miscellaneous expenses of such shops, including fuel, water, and ice; oil,

grease, waste, and other material used in lubricating shop machinery and tools; cost of supplies and small hand tools used by mechanics, and wages of employees making and repairing same; wages of stationary engineers and firemen, watchmen, sweepers, cleaners, and other unskilled laborers employed in general work in and about shops and shop yards.

754. REPAIRS OF VEHICLES.

Charge to this account the cost of repairing harness, automobiles; emergency, repair, tower, and other service wagons, sleds, sleighs, omnibuses, and all other vehicles except cars and locomotives.

755. OTHER MISCELLANEOUS EQUIPMENT EXPENSES.

Charge to this account all expense in connection with the maintenance of equipment not properly chargeable to other accounts. Such replacements as are properly treated through the capital accounts shall not be included herein.

756. OTHER OPERATIONS — Dr.

Charge to this account the proportion of operating expenses chargeable to Maintenance of Equipment of the street railroad department, but defrayed in the first instance by another coördinate department (such as electric light, heat, power, or gas) within the same corporation.

757. MAINTAINING JOINT EQUIPMENT — Dr.

When any equipment is maintained by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance, the portion of such maintenance expense to be met by the accounting corporation shall be charged to this account. The portion so charged may include provision for depreciation of such equipment as well as current outlay for repair, but must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 463a, 463b, 463c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

758. OTHER OPERATIONS — Cr.

Credit to this account the proportion of the Maintenance of Equipment expense chargeable to other coördinate departments (such as electric light, power, heat, or gas) within the same company, but defrayed in the first instance by the street railroad department.

759. MAINTAINING JOINT EQUIPMENT — Cr.

When any equipment is maintained by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance, the portion of such maintenance expense chargeable to such others under the arrangement shall be credited to this account. The portion so credited may include provision for depreciation of such equipment as well as current outlay for repairs, but must not include any allowance for profit or return upon such property.

NORM A.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 463a, 463b, 463c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

NORM B.—If in the case of the production of power, part of which is transferred to another, the arrangement under which such production occurs does not

provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to revenue account No. 468a, "Sale of Power," and on the part of the paying company is to be charged to expense account No. 786, "Power Purchased".

760. DEPRECIATION OF EQUIPMENT.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the month on all equipment of the accounting company. Credit to this account each month an amount equal to the sum of the amounts charged for that month to the various repair accounts in Maintenance of Equipment. The net amount charged (or credited) to this account for any month shall be concurrently credited (or charged) to the reserve account "Accrued Amortization of Capital," and (with the exception below noted) must be sufficient to provide in that account, in respect of the several items of equipment by the time such items go out of service, a reserve equal to the original cost thereof, less salvage. When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. 8100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the account "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit".

NORM.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of revenue car-miles. Whatever may be its basis, such rule and a sworn statement of the facts and expert opinions and estimates upon which it is based shall be filed with the Public Service Commission on or before July 1, 1909; each amendment of such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Depreciation of Equipment".

III. TRAFFIC.

771. SUPERINTENDENCE AND SOLICITATION.

Charge to this account salaries and office and traveling expenses of officers and their assistants when directly in charge of traffic, including traffic managers, general freight, express, passenger, and ticket agents, commercial, city, district, and excursion agents, their clerks and assistants; cost of supplies used by employees whose salaries are charged to this account; office rent and cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

NORM A.—No portion of expenses of general offices shall be charged to this account.

NORM B.—When employees enumerated above are engaged in work not chargeable to "Traffic," their salaries and expenses should be charged to the specific work on which engaged.

NORM C.—When employees enumerated above have supervision over other departments also, their salaries and expenses should be apportioned, in accordance with the service rendered, between the departments over which they have jurisdiction.

772. ADVERTISING.

Charge to this account the salaries and expenses of advertising agents; cost of bill posting, and printing, publishing, and distributing passenger timetables, folders, notices to shippers, and other advertising matter; advertising in newspapers and periodicals for the purpose of securing traffic; bulletin boards, cards, cases, display cards, photographs, and postage and express charges on advertising matter, and other expenses for advertising.

773. PARKS AND OTHER ATTRACTIONS.

Charge to this account the expense of operating amusement parks, resorts, and other like attractions maintained and operated for the purpose of inducing travel upon the lines of the accounting corporation; also the cost of repairs of buildings and other property at such parks, etc.

NOTE.—Where any such park or other attraction is maintained primarily for any other purpose than the stimulation of travel upon the lines of the accounting company, it shall be considered an outside operation, and the expenses of such operation and maintenance shall be excluded from street railroad operating expenses.

774. MISCELLANEOUS TRAFFIC EXPENSES.

Charge to this account expenses of traffic associations, including membership fees, contributions made for the purpose of securing traffic, and all other traffic expenses not properly chargeable to other accounts.

IV. CONDUCTING TRANSPORTATION.

781. SUPERINTENDENCE OF TRANSPORTATION.

Charge to this account salaries and office and traveling expenses of officers and assistants when directly in charge of transportation, including superintendent of power, superintendent of transportation, division superintendents, their assistants and aids; trainmasters, train dispatchers, car starters, inspectors, instructors, and others employed in superintending transportation.

NOTE A.—No portion of the expenses of general offices shall be charged to this account.

NOTE B.—When the employees enumerated above are engaged in work not chargeable to "Conducting Transportation," their salaries and expenses should be charged to the specific work on which engaged. If any such employees have supervision over other departments also, their salaries and expenses should be apportioned, in accordance with the service rendered, between the departments over which they have jurisdiction.

NOTE C.—Cost of secret service inspection should be charged to account No. 806, "Miscellaneous Car Service Expenses".

Group I: Power.

The accounts below provided in this group are intended to show the principal constituents of the cost of power.

8501. POWER PLANT LABOR.

Charge to this account all matters provided for under the following heads:

a. *Power plant superintendence and care.*—This includes the cost of labor of power plant superintendent and assistants, clerks, janitors, watchmen, elevator men, and that portion of the engineering staff chargeable to the generating plant.

b. *Boiler room labor.*—This includes the cost of labor in boiler house and elsewhere in and about the premises having to do with making steam, such as that of the fire room engineer and assistants, water tenders, firemen, coal handlers, ash handlers, boiler cleaners, feed-pump men, etc.

c. *Producer labor.*—This includes the cost of labor in and about the premises having to do with the production of power gas.

d. *Engine labor.*—This includes the cost of labor employed in operating prime movers of all kinds, including the chief engineer and his assistants, oilers, wipers, and machinists.

e. *Electrical labor.*—This includes the cost of labor in connection with the operation of electric apparatus and devices, beginning with the dynamos direct connected or belted to the prime movers, and including the switchboard, feeder terminal board, and to the point where the electric current leaves the station for the transmission or distribution system.

f. *Cable power plant labor.*—This includes the cost of labor employed in connection with the operation of machinery and apparatus used for the propulsion of cable or incline railroad cars.

Corporations desiring to subdivide the account "Power Plant Labor" shall follow the foregoing sub-classification.

S525. SUB-STATION LABOR.

Charge to this account the cost of all labor in power sub-stations except labor employed in making repairs and renewals.

S502. FUEL FOR POWER.

Charge to this account the cost of coal, oil, gas, and other fuel used at power plants, including freight and hauling; also any special expense incurred in removing ashes.

NOTE.—No portion of the cost of boiler room labor shall be charged to this account.

S503. WATER FOR POWER.

Charge to this account the cost of water used to produce steam, to cool gas engines, or to operate water power plant, including pumping, water rents, rent of ponds, streams, and pipe lines; also boiler compounds.

S504. LUBRICANTS FOR POWER.

Charge to this account the cost of lubricants of power plants, including oil, grease, etc.

NOTE.—Lubricants for sub-stations should be charged to account No. S526, "Sub-station Supplies and Expenses".

S505. MISCELLANEOUS POWER PLANT SUPPLIES AND EXPENSES.

Charge to this account the cost of waste, carbon brushes, fuses, lamps, and other supplies and expenses of power plants not includible in any of the foregoing accounts.

S526. SUB-STATION SUPPLIES AND EXPENSES.

Charge to this account the cost of lubricants, waste, carbon brushes, fuses, lamps, water, and other supplies and expenses of sub-stations.

785. HORSE POWER — REVENUE CAR SERVICE.

This account is to be kept only by corporations that maintain stables in connection with the operation of horse cars for passenger transportation. Other stable expenses are chargeable to account No. 848, "Stable Expenses".

Charge to this account the matters provided for under the following heads:

a. *Wages of stablemen.*—This includes the wages of feeders, hostlers, hitchers, and other stable help employed in connection with horses used for the operation of revenue cars.

b. Provender.—This includes the cost of corn, hay, meal, oats, and other provender used for feeding horses devoted to the operation of revenue cars.

c. Horseshoeing.—This includes the expense of shoeing horses used in the operation of revenue cars.

d. Harness and other horse equipment.—This includes the cost of harness and other equipment for horses used in the operation of revenue cars.

e. Stable supplies and expenses.—This includes the cost of heat and light and expenses not otherwise provided for in connection with the stabling of horses used in the operation of revenue cars, including such items as bedding, fire buckets and extinguishers, hose, ice, removal of manure, medicine and veterinary expense.

786. POWER PURCHASED.

Charge to this account all expenses for power bought from other companies. This does not include power produced under any joint arrangement, for which see accounts Nos. 727, 757, 787, and 841, "Joint Way and Structures — Dr.," "Maintaining Joint Equipment — Dr.," "Jointly Produced Power — Dr.," and "Joint General Expense — Dr."

787. JOINTLY PRODUCED POWER — DR.

When power is produced by another person or corporation for the joint benefit of the accounting corporation and others under an arrangement for sharing (on the basis of the relative amounts of benefit to the several participants) the expense of production (as distinguished from maintenance), the portion of such expense to be met by the accounting corporation shall be charged to this account. The portion so charged must not include any allowance for profit or return upon the value of the property used in such production.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 463b, 463c, and 466b, "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

788. POWER EXCHANGED — BALANCE.

If a company actually exchanges power with another company, it shall charge to this account the value of the power received from the other company and credit to this account the value of the power it delivers to the other company, and the amount shown as an operating expense shall be the net debit or credit balance.

789. OTHER OPERATIONS — DR.

Charge to this account the proportion of operating expenses chargeable to Conducting Transportation, but defrayed in the first instance by another coördinate department (such as electric light, heat, power, or gas) within the same corporation.

790. OTHER OPERATIONS — CR.

Credit to this account the proportion of the Conducting Transportation expense chargeable to other coördinate departments of the accounting corporation, but defrayed in the first instance by the street railroad department.

791. JOINTLY PRODUCED POWER — CR.

When any power is produced by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the expense of production, the portion of such expense assignable to Conducting

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Transportation chargeable to such others under the arrangement shall be credited to this account. If the arrangement provides for a return upon capital in addition to the proportion of the operating expenses, such return upon capital shall not be included in this account, but shall be credited to revenue account No. 466b, "Joint Electric Power Revenue".

Group II: Operation of Cars.

802a. PASSENGER MOTORMEN.

Charge to this account the wages of motormen engaged in passenger service.

802b. PASSENGER CONDUCTORS.

Charge to this account the wages of conductors engaged in passenger service.

802c. HORSE CAR DRIVERS.

Charge to this account the wages of drivers of revenue horse cars.

802d. OTHER PASSENGER TRAINMEN.

Charge to this account the wages of guards, brakemen, ticket collectors, student motormen, and other passenger trainmen while engaged in passenger service.

803. FREIGHT AND EXPRESS MOTORMEN AND TRAINMEN.

Charge to this account the wages of conductors, motormen, and other trainmen while engaged in freight, express, and mail service.

805. MISCELLANEOUS CAR SERVICE EMPLOYEES.

Charge to this account the wages of transfer agents, switch tenders, switchmen, flagmen, watchmen, trail-car couplers, bridge tenders, and other miscellaneous car service employees.

806. MISCELLANEOUS CAR SERVICE EXPENSES.

Charge to this account all expenses for lubricants and waste for cars and electric equipment of cars; incandescent lamps, oil, and other supplies for lighting cars; supplies for cleaning cars; fuel for heating cars; tools and other materials and supplies, except such as are used for repairs or renewals of cars or electric equipment of cars; cost of tickets, transfers, and baggage checks; secret inspection; conductors' books; punches; portable registers; tools for motormen; car service employees' badges and uniforms, and all other car service supplies and expenses.

807. STATION EMPLOYEES.

Charge to this account the wages of stationmaster, freight, express, ticket, baggage, and other station agents; announcers; station gatemen; choppersmen; platform men; janitors, porters, watchmen, and other station employees; warehousemen; freight house foremen; truckmen, checkmen, and other express and freight house employees.

808. STATION EXPENSES.

Charge to this account all expenses for heating and lighting stations, waiting rooms, freight houses, and other station buildings; furniture; tools and implements for handling freight and baggage; station employees' uniforms and badges; water, ice, and all other passenger and freight station expenses.

809. CAR HOUSE EMPLOYEES.

Charge to this account the wages of car house foremen, watchmen, car placers, car shifters; car, motor, and brake inspectors; car cleaners, lamp

and headlight tenders, car oilers, car-stove firemen, trolley oilers, and other car house employees not engaged in making repairs or renewals.

NOTE.—The cost of labor used in shifting trucks and electric equipment should not be charged to this account, but to accounts Nos. 744, 745, 746, 747, 748, or 750, "Repairs of Passenger and Combination Cars," "Repairs of Freight, Express, and Mail Cars," "Repairs of Locomotives," "Repairs of Service Cars," "Repairs of Electric Equipment of Cars," or "Repairs of Electric Equipment of Locomotives".

810. CAR HOUSE EXPENSES.

Charge to this account the cost of fuel, light, water, ice, and all other car house supplies and expenses.

811. OPERATION OF SIGNAL AND INTERLOCKING SYSTEMS.

Charge to this account the wages of employees engaged in operating signal and interlocking systems covering the movement of cars, such as towermen, signalmen, levermen, and lampmen; cost of supplies used in operating signal and interlocking systems; cost of fuel, water, light, and supplies for signal offices; also rent of appliances for signal and interlocking systems.

812. OPERATION OF TELEPHONE AND TELEGRAPH SYSTEMS.

Charge to this account the wages of telephone and telegraph operators; cost of chemicals and other supplies for telephone and telegraph service; payments for use of telephone and telegraph lines, and other telephone and telegraph expenses in connection with transportation.

NOTE A.—Repairs and renewals of telephone and telegraph systems should not be charged to this account, but to account No. 721, "Telephone and Telegraph Repairs".

NOTE B.—The cost of telephone service for general purposes should be charged to account No. 838, "Miscellaneous General Expenses".

813. EXPRESS AND FREIGHT COLLECTIONS AND DELIVERY.

Charge to this account the wages of drivers and helpers employed on wagons which are used for the collection and delivery of express matter; amounts paid for handling express matter in wagons or other vehicles, and other expenses incident to the collection and delivery of express matter, not includible in accounts No. 754, "Repairs of Vehicles," and No. 8848, "Stable Expenses".

814. LOSS AND DAMAGE.

Charge to this account all expenses for loss, damage, delays, and destruction of freight, express, and baggage entrusted to the carrier for transportation, and all expenses directly incident thereto.

815. OTHER TRANSPORTATION EXPENSES.

Charge to this account the cost of getting derailed cars on track and removing obstructions and wreckage, and all other expenses in connection with Conducting Transportation not properly chargeable to other accounts.

816. JOINT OPERATION OF CARS — DR.

When any rolling stock is operated by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the expense thereof assignable to Conducting Transportation, the portion of such expense to be met by the accounting corporation shall be charged to this account. The portion so charged must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Termi-

sals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

817. JOINT OPERATION OF CARS — CR.

When any rolling stock is operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the expense thereof assignable to Conducting Transportation, the portion of such expense chargeable to such others under the arrangement shall be credited to this account. The portion so credited must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

V. GENERAL AND MISCELLANEOUS.

S831. SALARIES AND EXPENSES OF GENERAL OFFICERS.

Charge to this account the salaries and traveling and incidental expenses of the chairman of the board, president, vice-president, treasurer, secretary, comptroller, auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system, and whose services can not be satisfactorily allocated to the several departments.

S832. SALARIES AND EXPENSES OF GENERAL OFFICE CLERKS.

Charge to this account the salaries and traveling and incidental expenses of traveling auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, tickets, and transfers, and all other clerks employed in the general office.

S833. GENERAL OFFICE SUPPLIES AND EXPENSES.

Charge to this account the cost of office supplies, repairs of office furniture and renewals of such furniture as has not been capitalized; wages of janitors, porters, and messengers; rent of rooms in office buildings, repairs of such rented rooms, and all other miscellaneous expenses of general offices. Office expenses of departmental officers must be charged to the proper departmental accounts.

NOTE.—Rents charged to this account will be required to be reported separately.

S834. GENERAL LAW EXPENSES.

Charge to this account all law expenses except those incurred in the defense and settlement of damage claims. This includes salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense and settlement of damage suits and partly in other legal work, should be properly apportioned between this account and account No. S844b, "Law Expenses Connected with Damages".

S835. INSURANCE.

Charge to this account premiums paid to insurance companies for fire,

fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

NORM.—In their reports to the Public Service Commission, carriers will be required to report the charges made to this account for the various kinds of insurance, and for self-insurance.

S836a. RELIEF DEPARTMENT EXPENSES.

Charge to this account all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

S836b. PENSIONS.

Charge to this account all pensions paid to retired employees, and expenses in connection therewith.

S838. MISCELLANEOUS GENERAL EXPENSES.

Charge to this account the cost of telephone service, telegrams, and other miscellaneous expenses connected with the general management not otherwise provided for.

S839. GENERAL AMORTIZATION.

Charge to this account at the close of each fiscal period and credit to the account "Accrued Amortization of Capital" such amount as is attributable to the period in respect of amortization of intangible capital not assignable to Maintenance of Way and Structures or to Maintenance of Equipment. This includes such matters as amortization of limited franchises, amortization of organization, etc.

S840. OTHER OPERATIONS — DR.

Charge to this account the proportion of general expense chargeable to the street railroad department, but defrayed in the first instance by another coordinate department (such as electric light, heat, power, or gas) within the same corporation.

S841. JOINT GENERAL EXPENSE — DR.

When any road or equipment is maintained or operated by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the general expenses, the portion of such expenses to be met by the accounting corporation shall be charged to this account. The portion so charged must not include any allowance for profit or return upon the value of such property.

NORM.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

S842. OTHER OPERATIONS — CR.

Credit to this account the proportion of general expenses chargeable to other coordinate departments (such as electric light, heat, power, or gas) within the same corporation, but defrayed in the first instance by the street railroad department.

S843. JOINT GENERAL EXPENSE — CR.

When any road or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the general expenses, the portion of such expenses

chargeable to others under the arrangement shall be credited to this account. The portion so credited must not include any allowance for profit or return upon the value of such property.

NORM A.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

NORM B.—If in the case of the production of power, part of which is transferred to another, the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to revenue account No. 466a, "Sale of Power," and on the part of the paying company is to be charged to the expense account No. 786, "Power Purchased".

8844a. ACCIDENTS AND DAMAGES.

Charge to this account all expenses (other than law expenses provided for in the succeeding account) on account of persons killed or injured and property damaged in connection with the operation of the road, as enumerated under the following heads, which must be separately shown in annual reports to the Public Service Commission:

(a) *Claim department expense:* This head includes salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

(b) *Medical expenses:* This head includes salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

(c) *Injuries to employees:* This head includes amounts paid in settlement of claims of employees for injuries arising in the course of their employment; also wages paid to disabled employees while off duty.

(d) *Other personal injuries and property damages:* This head includes amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the road; also amounts paid in settlement of claims for damage to horses, vehicles, and other property not owned by the accounting corporation and not in its possession for purposes of transportation.

(e) *Other accident expenses.*

NORM A.—Expenses incurred in connection with the settlement of claims for loss, damage, or delay of goods entrusted for transportation are chargeable to account No. 814, "Loss and Damage".

NORM B.—If it is desired that the charge to operating expenses on account of injuries and damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

8844b. LAW EXPENSES CONNECTED WITH DAMAGES.

Charge to this account all law expenses in connection with the defense or settlement of damage claims, including—

(a) *Salaries and expenses of attorneys:* A proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work.

(b) *Court costs and expenses:* Fees of court stenographers, expenses connected with taking depositions, and other court expenses.

(e) *Law printing:* Cost of law books, and cost of printing briefs, court records, and similar papers.

NORM A.—In their annual reports to the Public Service Commission, corporations will be required to classify the charges to this account under the three heads, (a), (b), and (c), above given.

NORM B.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account No. 8834, "General Law Expenses".

NORM C.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 881, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

8845. GENERAL STATIONERY AND PRINTING.

Charge to this account all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing tickets, transfers, and baggage checks shall be charged to account No. 806, "Miscellaneous Car Service Expenses".

The cost of printing briefs and other legal papers shall be charged to account No. 8834, "General Law Expenses," or No. 8844b, "Law Expenses Connected with Damages," in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter, shall be charged to account No. 772, "Advertising".

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized shall, if for use in general offices, be charged to account No. 8833, "General Office Supplies and Expenses"; or if for the use of departmental officers, to the proper departmental accounts.

8847. STORE EXPENSES.

Charge to this account all salaries and expenses in connection with storerooms, including cost of sending material and supplies from general storerooms to branch storerooms, and the collection of scrap material.

8848. STABLE EXPENSES.

Charge to this account the cost of feed, keep, and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses not used in the operation of revenue cars.

NORM.—The cost of horses purchased to replace others should be charged to account No. 205, "Miscellaneous Equipment". Repairs of harness and vehicles should be charged to account No. 754, "Repairs of Vehicles".

8849. UNDISTRIBUTED ADJUSTMENTS — BALANCE.

At least once a year an inventory of materials and supplies shall be taken, and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account in case it can not be assigned to a specific account. Credit to this account all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NORM.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to account No. 8285, "Miscellaneous Construction Expenditures".

17. **Expenses of Outside Operations.**—The detailed expense accounts for other than street railroad operations will be elsewhere provided for.

18. **Tax accounts.**—An account shall be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account shall be appropriately entitled (as *c. g.*, "Taxes Assignable to Street Railroad Operations," "Taxes Assignable to Non-operating Revenues," etc.), and shall be so kept as to show separately the following:

- State Franchise Tax on Capital Stock.
- State Franchise Tax on Gross Earnings.
- Special Franchise Tax.
- Taxes on Land (exclusive of improvements).
- Taxes on Improvements on Lands.
- Taxes on Personal Property.
- Other Taxes (showing in detail).

To each tax account there shall be charged monthly the amount of taxes accruing during the month, and such amount shall be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any month shall, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter shall be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be \$600 for the year, the monthly charge on account of such tax should be \$50 until the amount of the levy becomes known. If during, say, the fifth month, it is found that the levy for the year is \$640, there will already have been charged up four months at \$50 per month, leaving \$40 to be charged during the remainder of the year, or \$55 for the fifth month and each month thereafter during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Public Service Commission.

19. **Definitions of Non-operating Revenue accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

S901c. RENTS ACCRUED FROM LEASE OF ROAD.

Credit to this account monthly as they accrue all revenues flowing to the corporation from its interests in road or equipment held by others under some form of lease whereby it surrenders possession of such property. This account contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts nor to any of its expense accounts.

S901d. MISCELLANEOUS RENT REVENUES.

Credit to this account monthly as they accrue all miscellaneous rent reve-

nues flowing to the corporation as a return upon leased property other than road and equipment. Such revenues shall be classified as follows:

Leasehold Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease the entire term of which is greater than one year. This contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts nor to any of its expense accounts.

Other Rent Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease or contract for a term not to exceed one year from the beginning of the term, or held at will or upon sufferance. This account contemplates that the taxes on property of this character shall be paid by the landlord and charged to the appropriate tax account. If under the contract covering the holding for terms of one year or less, or at will, the taxes are to be paid by the tenant, the amount of such taxes shall be credited month by month to this account as they accrue, and shall correspondingly be charged to the tax account covering taxes on property of this character.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

902. INTEREST REVENUES.

Credit to this account monthly as it accrues all —

Interest from Bound Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing bound investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Free Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Other Sources: That is to say, all interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the two foregoing heads, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

903. DIVIDEND REVENUES.

Credit to this account at their cash value and as of the date when collectible, all —

Dividends on Bound Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its bound investments.

Dividends on Free Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its free investments.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

904. PROFITS FROM OPERATIONS OF OTHERS.

Whenever, in accordance with the terms of any contract, the corporation is entitled to participate in the profits resulting from the operations of others, all revenues accruing to the corporation from such source shall be credited to this account.

NOTE.—This account does not include any dividends on stocks. Such dividends should be credited to account No. 8903, "Dividend Revenues".

905. MISCELLANEOUS NON-OPERATING REVENUES.

To this account shall be credited all non-operating revenues accruing to the corporation and not provided for in any of the foregoing accounts.

20. Definition of Non-operating Revenue Deductions account.—To an account entitled "Non-operating Revenue Deductions" shall be charged all matters provided for under the following sub-accounts:

a. RENT EXPENSE: This sub-account includes all matters provided for under the following two heads:

Leasehold Expense: That is to say, all expense arising in connection with the procuring of revenues from leaseholds having terms greater than one year, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such leaseholds. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This head includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as reparable wear and tear. It does not include taxes.

Other Rent Expense: This head is analogous to the preceding head "Leasehold Expense," and differs from that only in that this provides for expense in connection with property let for a term of one year or less.

b. INTEREST EXPENSE: This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

c. DIVIDEND EXPENSE: This sub-account includes all expenses arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

d. OTHERS' OPERATIONS EXPENSE: This sub-account includes the cost of negotiating contracts whereunder the corporation is to participate in profits resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

e. MISCELLANEOUS NON-OPERATING EXPENSE: This sub-account includes all non-operating expense (as hereinbefore defined) which is not provided for in the foregoing sub-accounts.

f. NON-OPERATING TAXES: This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

g. UNCOLLECTIBLE NON-OPERATING REVENUES: When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof shall be credited to the account in which theretofore charged, and charged to the account "Non-operating Revenue Deductions" under the head of "Uncollectible Non-operating Revenues".

NORM—In annual reports to the Public Service Commission this account will be required to be fully analysed.

21. Income Deductions.—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by the operating expenses, the taxes, and the uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly for the non-operating revenues, the non-operating expenses, and the non-operating taxes.

The aggregate of the incomes from the several operations and the non-operating income is the gross income applicable to corporate and leased properties. As has before been said, the gross income is, in the usual case, subject to various compulsory deductions, and these are hereinafter called *Income Deductions*.

22. Definitions of Income Deduction accounts.—In the following definitions the letters and numbers prefixed to the titles of the several accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

921. INTEREST DEDUCTIONS.

Charge to this account monthly (or as otherwise below directed) all matters provided for under the following five heads:

Absolute Interest Accrued on Funded Debt: This head includes all interest accruing absolutely on the outstanding funded debt of the corporation.

Contingent Interest Accrued on Funded Debt: This head includes, when the contingency occurs, all interest accruing contingently on the outstanding funded debt of the corporation. This includes such matters as interest on income bonds.

Interest Accrued on Receiver's Certificates: This head includes all interest accruing on receiver's certificates which are liens upon the property of the corporation or any part of it.

Interest Accrued on Other Unfunded Debt: This head includes all interest accruing on all unfunded debt of the corporation except receiver's certificates.

Interest Accrued on Debenture Stocks: This head includes all interest accruing on the outstanding debenture stocks of the corporation.

Entries in the account "Interest Deductions" must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

922c. RENT FOR LEASE OF OTHER ROAD AND EQUIPMENT.

Charge to this account monthly all amounts accrued against the accounting corporation for rent of road and equipment which it holds under some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such road and equipment shall be charged, not to this account, but to the appropriate Taxes account. If such taxes are (under the contract of lease) payable by the lessor or reversioner,

they shall be credited to this account and charged to the appropriate Taxes account. Such taxes, when paid by the lessor or reversioner, shall be charged to its rent revenue account and not to its Taxes account, to the end that taxes upon such road and equipment shall be reported by the corporation in possession.

922. OTHER RENT DEDUCTIONS.

Charge to this account the matters provided for in the following sub-accounts:

d. TRACK AND TERMINAL PRIVILEGES: This sub-account includes all payments to other companies for rent or use of their tracks and terminals (including terminal facilities) when on the basis of a fixed charge per month or per year, regardless of the expense of operation and maintenance of such tracks and terminals, or when on the basis of a fixed charge per car-mile, per passenger-mile, per car, per passenger, or other unit of like character.

NOTE.—Where the charge is based on a proportion of operating expenses and upon the value or cost of the property of the creditor company, the operating expense portion shall be charged to the appropriate operating expense accounts, and the return on the value or cost of the property shall be charged to the sub-account "Joint Facility Rents". (See paragraph *f* below.)

e. HIRE OF EQUIPMENT: This sub-account includes all sums chargeable to the accounting corporation for the use of equipment of other carriers while temporarily on its lines, where the contract provides for a charge not dependent on the expense of operating and maintaining such equipment.

f. JOINT FACILITY RENTS: Where any way, structure, or equipment is maintained or operated by another carrier or company for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such way, structure, or equipment, over and above depreciation and other expense of maintenance and operation, such pure rent or profit or return upon property shall be charged to this sub-account.

NOTE.—This should be read in connection with revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

g. MISCELLANEOUS RENT DEDUCTIONS: This sub-account includes all miscellaneous rents payable not elsewhere provided for.

NOTE A.—Rents for furnished offices (and for office rooms in office buildings heated and lighted by the landlord) should not be charged to this account, but to the appropriate expense account.

NOTE B.—Entries in this account must be made in such wise as to permit an analysis in the annual report of the corporation in accordance with the sub-accounts above defined.

923. SINKING FUND ACCRUALS.

Charge to this account month by month all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

924. GUARANTIES OF PERIODIC PAYMENTS.

Charge to this account all unsecured accruals of obligations arising under

contracts whereby the corporation has guaranteed the *annual or more frequent periodic* payment of money or performance of other obligation on the part of another corporation or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This account does not include such matters as guaranties of payment of principal of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the *unsecured portion* thereof shall be charged to this account.

925. LOSS ON OPERATIONS OF OTHERS.

Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged to this account.

926. OTHER CONTRACTUAL DEDUCTIONS FROM INCOME.

Charge to this account month by month all contractual liabilities arising from annual or other more frequent periodic matters and not includible in any of the foregoing accounts. This account includes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

927. AMORTIZATION OF LANDED CAPITAL.

Charge to this account at the close of any fiscal period such proportion of the original money cost (estimated if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account shall be concurrently credited to account No. 374, "Accrued Amortization of Capital".

NOTE B.—When any landed capital expires or is otherwise retired from service (as *e. g.*, through sale), the capital account or other indicant account (if any) originally charged therewith shall be credited with the amount originally charged, the account "Accrued Amortization of Capital" shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

928. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE.

Charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to account No. 939, "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

929. AMORTIZATION OF PREMIUM ON DEBT — Cr.

Credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion may be determined according to a rule, the

uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium at which such debt was issued, and may at the option of the corporation be effected by crediting all or any portion of such premium to account No. 931b, "Other Additions to Surplus," only upon the maturity of the debt.

23. Appropriations.—The balance resulting from closing the foregoing Income Deduction accounts for any fiscal period into Gross Income for that period gives the Net Corporate Income for the period. The net corporate income being of the same nature as the corporate surplus shall be closed into the "Corporate Surplus or Deficit" account. The group of accounts which show for any fiscal period the changes in the "Corporate Surplus or Deficit" account are designated the "Appropriation" accounts, for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period each of the "Appropriation" accounts shall be closed into the "Corporate Surplus or Deficit" account.

24. Definitions of Appropriation accounts.—In the following definitions of the Appropriation accounts the letters and numbers prefixed to the titles of the accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

931a. BAD DEBTS COLLECTED.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

931b. OTHER ADDITIONS TO SURPLUS.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

932. EXPENSES ELSEWHERE UNPROVIDED FOR.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc.; fines levied on directors, officers, and other employees and assumed by the corporation; donations to funds, to churches, and other associations, and other like expenses and outgoes.

933. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall thereupon be charged to this account. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

934. AMORTIZATION ELSEWHERE UNPROVIDED FOR.

Charge to this account such amortization as is not elsewhere provided for. This account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

935. APPROPRIATIONS TO RESERVES.

Charge to this account all optional appropriations to reserves.

936. GIFTS TO CONTROLLED CORPORATIONS.

Charge to this account all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

937. OTHER APPROPRIATIONS.

Charge to this account all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

938. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as have been provided for in the heretofore defined "Uncollectible Bills" account must not be included in this account.

939. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

SCHEDULE C.

CLASSIFICATION OF CAR-MILES, CAR SEAT-MILES, AND CAR-HOURS.

1. **Definitions of Car-miles and Car Seat-miles accounts.**— In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

Y1. PASSENGER CAR-MILES — ACTIVE.

This account includes miles run by revenue earning cars for the transportation of passengers (including combination passenger and baggage, mail or express cars) between the terminal of regular routes or over portions of such routes.

The record of passenger car-miles — active, shall be kept for each car route, and shall show for each route the length of the route in miles and hundredths of a mile, and for each day the number of cars operated full time, the number of trippers, and the number of trips. The cars shall be divided into classes according to their seating capacities, and the seating capacity of each class multiplied into the number of miles run by that class on the particular route, the resultant being the "seat-miles" on each such route for a given day.

Y2. PASSENGER CAR-MILES — IDLE.

This account includes miles run by revenue earning passenger cars (or combination passenger and baggage, mail or express cars) between the car house and the initial route terminal. This record shall be kept for each car house.

Y3. SPECIAL PASSENGER CAR-MILES.

This account includes miles run by chartered passenger cars over regular or special routes, reckoning from the time such cars leave the car house until they complete the trip.

Y4. MAIL CAR-MILES.

This account includes miles run by cars to transport mail, when not carrying passengers, reckoning from the time such cars leave the car house.

NOTE.— This account must not include any miles run by combination cars for the purpose of carrying passengers, even though such cars also carry mail. Miles run by such cars are provided for in accounts Nos. Y1 and Y2, "Passenger Car-miles — Active," and "Passenger Car-miles — Idle".

Y5. EXPRESS CAR-MILES.

This account includes miles run by cars in the express service, reckoning from the time such cars leave the car house. The account shall show the numbers of miles run under load and miles run empty.

Y6. FREIGHT CAR-MILES.

This account includes all miles run by cars in freight service, loaded and empty car-miles being separately recorded.

Y7. MIXED CAR-MILES.

This account includes all miles run by combination mail, express, and freight cars, shown separately for loaded and empty cars.

Y8. NON-REVENUE CAR-MILES.

This account includes miles run by company service cars, including work cars, sand cars, sprinklers, snow-plows, sweepers, wrecking cars, etc.

Y9. ELECTRIC LOCOMOTIVE-MILES.

This account includes all miles run by electric locomotives, whether revenue or non-revenue, or loaded or light.

a. Classification of Car-hours.—A record of the time that cars are in service shall be kept for the following classes of cars, corresponding to the classification of car-miles:

*Passenger Cars (Active and Idle), on each car route,
Special Passenger Cars,
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Express, Freight and Mixed Cars.*

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UNIFORM SYSTEM OF ACCOUNTS

**AS ESTABLISHED FOR ELECTRIC RAILROAD CORPORATIONS AND
STREET RAILROAD CORPORATIONS WITH ANNUAL GROSS
OPERATING REVENUES BELOW \$500,000.**

ADOPTED NOVEMBER 10, 1908; EFFECTIVE JANUARY 1, 1909.

STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION, SECOND DISTRICT.
At a session of the Public Service Commission, Second
District, held at the Capitol, Albany, on the 10th
day of November, 1908.

Present:

FRANK W. STEVENS, Chairman,
THOMAS M. OSBORNE,
MARTIN S. DECKER,
JAMES E. SAGUR,
JOHN B. OLMSTED,
Commissioners.

Ordered: That, except as hereinafter provided:

1. On and after January 1, 1909, every electric railroad corporation whose revenues from street railroad operations as defined in the hereto annexed schedule marked "Schedule A" were during the year ended June 30, 1908, below the sum of five hundred thousand dollars (\$500,000), and every street railroad corporation whose revenues from street railroad operations as thus defined were during the said year below the sum of five hundred thousand dollars (\$500,000), shall keep upon its books the accounts prescribed or defined in the said "Schedule A", so far as the said accounts are pertinent to the facts and circumstances of the said corporation. By an electric railroad corporation as herein used is meant a railroad corporation (as defined in the Public Service Commissions Law) having title of any character to a railroad (as defined in the said Law) upon which electric energy is used as the principal power for the propulsion of cars. The term street railroad corporation is used herein in the sense defined in the Public Service Commissions Law.

2. On and after the date of service of this order on any such electric railroad corporation, and on any such street railroad corporation, such corporation shall not charge to any account representing cost of property and discount or commission on securities issued by the said corporation, but shall charge all such discounts, commissions, and other expenses connected with the issue of securities subsequent to the said date of service, in accordance with the directions contained in the definitions of the account named Organization, and the amount named Unamortized Debt Discount and Expense, in the said "Schedule A".

3. On and after July 1, 1909, every such electric railroad corporation and every such street railroad corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule B", so far as the same are pertinent to the facts and circumstances of the said corporation.

4. During the year beginning July 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun July 1, 1908; provided that on or before January 1, 1909, there be filed with the Public Service Commission a statement containing a

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list of the said accounts pertaining to the year begun July 1, 1908, and definitions of such accounts. Where any such account kept during the year begun July 1, 1908, is kept strictly in conformity with the "Standard System of Street Railway Accounting," as recommended by the Board of Railroad Commissioners under date of April 10, 1900, a statement of that fact in connection with the name of such account will serve as a sufficient definition of the said account.

5. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary, experimental, or divisional account, the said corporation shall file with the Public Service Commission, at least ten days in advance of the time when the said account is to be instituted, a statement showing the name of the said account, the date when it is to be instituted, the purpose for which it is to be kept, the period of time during which it is to be kept, and a clear and accurate definition of the classes of items and facts to be contained in the said account; and in case of a divisional account, the definition of the division covered. Upon compliance with the provisions of this paragraph, any account herein prescribed or defined in either said "Schedule A" or said "Schedule B" may be subdivided.

6. On and after July 1, 1909, each said corporation engaged in the operation of any railroad whereon electric energy is used as the principal power for the propulsion of cars, or engaged in the operation of any street railroad, shall keep on its books the statistical accounts prescribed or defined in the hereto annexed schedule marked "Schedule C".

7. All notices herein required to be filed concerning accounts shall be upon sheets 9½ inches by 12 inches in size, and shall be entitled in the name of the corporation filing said notices, followed by a brief statement of the character of the accounts covered by the notice.

SCHEDULE A.

BALANCE SHEET OR INDICANT ACCOUNTS.

1. **Street Railroads defined.**—The term "street railroads," as hereinafter used, includes all street railroads (as defined in the Public Service Commissions Law) by whatever kind of motive power operated, and all railroads (as defined in the Public Service Commissions Law) operated by means of electric power.

NOTE.—Section 2 of the Public Service Commissions Law provides as follows:

"The term 'street railroad,' when used in this act, includes every railroad by whatsoever power operated, or any extension or extensions, branch or branches thereof, for public use in the conveyance of persons or property for compensation, being mainly upon, along, above or below any street, avenue, road, highway, bridge or public place in any city, village or town, and including all switches, spurs, tracks, right of trackage, subways, tunnels, stations, terminals and terminal facilities of every kind used, operated, controlled or owned by or in connection with any such street railroad; but the said term 'street railroad,' when used in this act, shall not include a railroad constituting or used as part of a trunk line railroad system."

"The term 'railroad,' when used in this act, includes every railroad, other than a street railroad, by whatsoever power operated for public use in the conveyance of persons or property for compensation, with all bridges, ferries, tunnels, switches, spurs, tracks, stations and terminal facilities of every kind used, operated, controlled or owned by or in connection with any such railroad."

2. **Accounts to be kept by double-entry method.**—All accounts kept by any corporation or person within the scope of the present order shall on and after January 1, 1909, be kept by the double-entry method.

NOTE.—This requirement is not intended to apply to purely statistical accounts.

CAPITAL ACCOUNTS.

3. **Capital defined.**—As the term is used herein, by capital of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. **Fixed Capital defined.**—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen¹) is called *fixed capital*.

5. **Floating Capital defined.**—Capital other than fixed capital is called *floating capital*.

6. **General Capital and Departmental Capital defined.**—Fixed capital is di-

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

visible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the use of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

7. **Landed Capital and Non-landed Capital defined.**—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called *non-landed capital*.

8. **Intangible and Tangible Capital distinguished.**—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible property within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses.¹

9. **Further classification of Capital.**—Capital is also divisible into *original capital*, *additions*, *betterments*, and *renewals and replacements*, as defined below. Charges to capital accounts shall show these divisions as set forth in paragraph 21, *infra*.

10. **Original Capital defined.**—Original capital is that put into service at the outset of an enterprise.

11. **Additions defined.**—Additions include additional structures, facilities, or equipment not taking the place of anything previously existing.

12. **Betterments defined.**—Betterments include the enlargement or improvement of existing structures, facilities, and equipment.

13. **Renewals defined.**—Renewals include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. **Replacements defined.**—Replacements include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When a substitute has a substantially greater capacity than that for which it is substituted, the cost of substitution of one of the same capacity as the thing replaced should be charged as a replacement, and the remaining portion of the cost of the actual substitute should be charged as a betterment.

15. **Repairs defined.**—When through wear and tear or through casualty it becomes necessary to replace some part of any structure, facility, or unit

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

of equipment, and the extent of such replacement does not amount to a substantial change of identity in such structure, facility, or unit of equipment, the replacement of such part is to be considered a repair, and the cost of such repair is to be treated as an operating expense and must not be charged as a replacement in any capital account.

16. First entries must enable identification.—Throughout all capital accounts, the first entry in respect of any particular thing shall describe it with such particularity as to enable its identification, and shall give it a distinguishing name, number, or other designation by which it shall thereafter be designated in every entry in any capital account which in any way concerns it. In the case of continuous structures like railroad track, or electric line, or pipe line, such structures shall be itemized to the extent that no item shall contain more than one operating division or more than one type of construction, and the entry in relation to any item shall describe the size, weight, type, and other principal physical characteristics of the chief constituent parts, together with their spacing if discontinuous.

17. Costs of new capital to be actual money costs.—All charges made to capital or other accounts on or after January 1, 1909, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

18. Discounts upon securities not to be charged to capital accounts.—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

19. Cost of labor, material, and supplies.—Cost of labor includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of materials and supplies consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

20. Withdrawals or retirements.—When anything is withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

21. Particulars required to be shown in entries.—Every charge made to a capital account on or after January 1, 1909, shall show whether the thing in respect of which the charge is made is original capital, or an addition, a betterment, a renewal, or a replacement. If the thing is a betterment, the entry shall designate the thing enlarged or improved and shall cite by name and page of book or other record the original entry of cost of such thing enlarged or improved. If the thing to which any charge hereafter made relates is a renewal or a replacement, the entry made in respect thereof shall designate the thing renewed or replaced and shall cite by name and page of book or other record the original entry or entries of cost of such thing renewed or replaced. If there is no entry in the accounts of the corporation showing the cost (to the corporation) of the thing bettered, renewed, or replaced, that fact shall be stated in the entry describing the betterment, renewal, or replacement, and the original cost of such thing to the corporation shall be stated. Such cost shall be estimated if not known, and when estimated the basis of such estimation shall be shown.

22. Betterments involving partial destruction of thing bettered.—If any betterment involves the partial destruction or partial reconstruction of the thing bettered, only such portion of the cost of the change shall be charged as a betterment as will when added to the original cost (estimated if not known) of the thing bettered give the cost of reconstruction or replacement of the thing as bettered, and the remainder of the cost of the change (account being taken of any salvage) shall be charged to the appropriate repair account.

E. g., a building, original cost unknown but estimated to be \$15,000, is bettered by the construction of an elevator shaft, and its stairways are modified so as to be fireproof; the actual expenditure for these changes is \$3,000; the estimated cost of replacement of the building (as modified) with one equally serviceable and with an equal expectation of life is \$18,000; the charge to capital account as a betterment should be \$1,000, and the remainder (\$2,000) of the expenditure should be charged to the appropriate repairs account.

23. Road and equipment and other capital purchased.—When any road or other fixed capital in the form of a going or completed plant is purchased, an appraisal of such capital so acquired shall be made, and the different constituent elements of the road (and equipment, if any) or other capital acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence, and inadequacy. If the actual money value of the consideration given for the road or other capital was at the time of the acquisition in excess of such appraised value, the excess shall be charged to the account "Other Intangible Street Railroad Capital," and the appraised values of the constituent elements shall be charged to the appropriate accounts as designated in the following definitions of accounts for expenditures for road and equipment and other fixed capital. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each road or other such fixed capital

purchased, will be required to be made to the Public Service Commission, and the purchaser will be required to procure in connection with the acquisition of any such road or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such road, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

24. Definitions of Fixed Capital accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

S100. FIXED CAPITAL, DECEMBER 31, 1908.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to street railroad operations as such capital stood at the close of December 31, 1908. Such charges shall be made at the figures at which such capital was carried on the books of the said person or corporation on that date. When any capital included in such account is retired from service, the amount at which it is charged therein shall be credited to this account; the amount of depreciation or other amortization thereon applicable to the period subsequent to June 30, 1909, shall be charged to account No. 374, "Accrued Amortization of Capital," proper account shall be taken of any salvage, and the remainder of the amount originally charged to capital shall be concurrently charged to the Corporate Surplus or Deficit account (or equivalent account carried on the books on June 30, 1909), unless there was carried on the books at that date a reserve to cover retirement of capital from service, in which case the said concurrent charge shall be made to such retirement reserve account. If the amount at which the said capital in service on December 31, 1908, and subsequently retired from service, was included in the said account is not disclosed on the books and records of the accounting person or corporation and is not within the knowledge of such person or corporation or officers or other employees thereof, it shall be estimated, and such estimated amount shall be treated as is above directed for the actual amount, the fact of estimation being stated in the entry.

Norm.—Corporations will be required to carry as sub-accounts of the account "Fixed Capital, December 31, 1908," the several accounts on their books on that date which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

The following capital accounts are prescribed for transactions subsequent to December 31, 1908:

S111. RIGHT OF WAY.

Charge to this account the cost of all landed capital acquired for roadway; expenses of appraisals, or of juries, commissioners, or arbitrators in condemnation cases; cost of removal of buildings (if upon right of way, and not included in property purchased); commissions paid outside parties for purchase of properties for these purposes; cost of plats, abstracts, notarial fees, recording deeds, etc.; cost of obtaining consents, and payments for abutting damages.

Norm A.—Cost of buildings and other improvements must not be included in this account.

Norm B.—The estimated value of property not required in connection with the operation of the road after completion thereof, but acquired and charged to this account in connection with land needed for right of way, should, upon completion

of the road, be credited to this account and charged to an appropriate property account. Where such property is sold upon or prior to the completion of the road, the proceeds of sale thereof should be credited to this account.

S112. OTHER STREET RAILROAD LAND.

Charge to this account the cost of all landed capital acquired for use directly in connection with the operation of the road, but in excess of and in addition to that actually required for roadway, including all expenses incurred in connection with such acquisition as enumerated in account No. S111, "Right of Way".

NORM A.—Cost of buildings and other improvements must not be included in this account.

NORM B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to street railroad operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the appropriate structures account, and excluded from the account "Other Street Railroad Land". If such improvements are not devoted to street railroad operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Other Street Railroad Land". The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Public Service Commission the subdivision of the cost of its land devoted to street railroad operations into the following:

Land Occupied by Generating Stations.

Land Occupied by Outside Sub-stations.

Water Rights.

Other Land Devoted to Street Railroad Operations.

101. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiation and issue of stock thereunder, shall be classed as additions. Cost of preparing and filing certificates of amendment of articles of incorporation shall be classed as a betterment. Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classed as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

S102. FRANCHISES (STREET RAILROAD).

To this account shall be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof

as the consideration for the grant of such franchise or right" (section 55 of the Public Service Commissions Law) as is necessary to the conduct of the corporation's street railroad operations. If any such franchise is acquired by mesne assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Street Railroad Capital". If any such franchise has a life of not more than one year after the date when it is placed in service, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments" if extending beyond the fiscal year.

Payments made to the State or to some political subdivision thereof as a consideration for granting an extension for more than one year of the life period of a franchise shall be classed as renewals. Those made as a consideration for franchises or extensions thereof covering additional territory to be operated as a part of an existing system shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NORM.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

§103. PATENT-RIGHTS (STREET RAILROAD).

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's street railroad operations. If any such right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent-right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

§104. OTHER INTANGIBLE STREET RAILROAD CAPITAL.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to street railroad operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

181. GRADING.

Charge to this account the cost of grading roadbed, whether excavations or embankments; reconstructing pikes or roads; ditching roadbed; and ditches for waterways. This account shall include the cost of riprap, retaining walls and other masonry for the protection of embankments, cuts, and slopes.

182. BALLAST.

Charge to this account the cost of ballast, whether of broken stone, slag, gravel, or other material specially provided for this purpose; also the cost of loading, hauling, and unloading alongside of track, and of transportation.

183. TIES.

Charge to this account the cost of cross, switch, bridge, and other ties and

railroad crossing timbers laid in main and repair tracks, sidings, and spurs; in tunnels, station, shop and other yards; on wharves, piers, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables. Charge also to this account the cost of transportation, inspection, handling (except final distribution), and any process of preservation.

184a. RAILS, RAIL FASTENINGS, AND JOINTS.

Charge to this account the cost of rails, rail fastenings, and joints in main and repair tracks, sidings, and spurs; in tunnels, stations, shop and other yards; on wharves, piers, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables. Charge also to this account the cost of transportation, inspection, and handling (except final distribution).

184b. SPECIAL WORK.

Charge to this account the cost of special work, including steam and street railroad crossings, crossovers, curves, frogs, runoffs, switches, switchmates, and turnouts. Charge also to this account the cost of transportation, inspection, and handling (except final distribution).

185. UNDERGROUND CONSTRUCTION.

This account is to be used only for railroads operated by an underground electric contact system, and for those operated by cable traction.

Charge to this account the cost of underground construction, including yokes, concrete work, manhole frames and covers, slot rails, drainage pipes, pulleys, sheaves, and other fixtures and appurtenances peculiar to underground electric or cable construction. Charge also to this account the cost of transportation, inspection, and handling (except final distribution).

NOTE—The cost of track rails, track rail fastenings and joints, and electric contact rails and insulators, and cables of cable railroads, must not be charged to this account.

186. TRACK LAYING AND SURFACING.

Charge to this account the cost of distributing, laying, spacing, and aligning ties; cost of laying, spiking, and jointing rails; surfacing and aligning track; and labor of placing frogs, switches, and special work; cost of track tools; cost of spreading ballast and putting it under track; expenses of distributing track material, and cost of transportation of men, tools, appliances, and outfits used on this work.

187. PAVING.

Charge to this account the cost of labor and material for paving about tracks and special work and crosswalks incident to track construction.

188. ROADWAY TOOLS.

Charge to this account the cost of the first outfit of tools furnished section, bridge, carpenter, and other gangs properly to equip them to protect, maintain, and repair the property when it is opened for the handling of commercial traffic.

189. TUNNELS.

Charge to this account the cost of tunneling, including such timber as may be used; cost of material used and labor expended in the construction of tunnels and transportation subways.

NOTE—This account does not include cost of the track through such tunnel or subway or cost of surfacing such track.

190. ELEVATED STRUCTURES AND FOUNDATIONS.

Charge to this account the cost of all material used and labor expended in the construction of elevated structures and foundations.

NOTE.—This account is to be used only by elevated railroad companies.

191. BRIDGES, TRETTLES, AND CULVERTS.

Charge to this account the cost of material used and labor (including engineering and superintendence) expended in the construction of bridges and trestles erected to carry tracks over streams, ravines, streets, or other railroads, and culverts, both substructure and superstructure, including transportation. This account shall include the cost of abutments, piers, supports, draw and pier protection; machinery to operate drawbridges; guard-rails, masonry ends and wing-walls for culverts; cost of inspection of bridge material; cost of tests; cost of wing-dams, cribs, or ice-breakers for regulating the current of a stream or breaking up ice jams; also labor and material used in painting the structure.

NOTE.—Any structure carrying tracks of the accounting corporation over other tracks, or over a stream, highway, or canal should be considered a bridge or culvert. The cost of structures carrying other tracks, canals, highways, etc., over the accounting corporation's tracks should be charged to account No. 192, "Crossings, Fences, and Signs".

192. CROSSINGS, FENCES, AND SIGNS.

Charge to this account the cost of material used and labor expended in constructing street, road, and farm crossings at grade; overhead bridges and viaducts; roadways of undergrade foot or wagon crossings; crossing gates and warning signals; cost of drainage and excavations for undergrade crossings; and payments and assessments for street repairs or sewers at crossings where such repairs and sewers permanently benefit the property; right of way fences, snow and sand fences, cattle-guards, wing-fences, aprons, and hedges; mile, section, warning, and other roadway signs.

193. INTERLOCKING AND OTHER SIGNAL APPARATUS.

Charge to this account the cost of material used and labor expended in constructing interlocking and other signal apparatus complete, including apparatus for block signals of all classes.

194. TELEPHONE AND TELEGRAPH LINES.

Charge to this account the cost of material used and labor expended in constructing telephone and telegraph lines, including conduits, poles, cables, and wires specially devoted to telephone and telegraph purposes; telephone and telegraph instruments; labor employed in the construction work; cost of all tools used; and cost of transportation.

S161. POLES AND FIXTURES.

Charge to this account the cost of poles, cross-arms, and insulator pins; brackets and other pole fixtures; braces and other supports for holding the poles in position; also structures for supporting the overhead electric construction, and all labor expended in connection with the construction of pole lines or structures for carrying the transmission and distribution conductors.

S162. UNDERGROUND CONDUITS.

Charge to this account all material used and labor expended in building conduits required for underground wires and cables, including manholes, sewer connections, sewer traps, and all material necessary for the completion

of the underground conduit system devoted to the protection of the transmission and distribution conductors.

S163. TRANSMISSION SYSTEM.

Charge to this account the cost of material used and labor expended in constructing the transmission system, including cables, wires, insulators, and insulating material.

NOTE.—In electric railroad operations, when the electric current generated (or received) is changed by means of (a) rotary converters, or (b) motor generator sets, or (c) static transformers (sub-station apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the Transmission System. Tie-lines between generating stations and sub-stations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system), including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as Distribution System.

S164. DISTRIBUTION SYSTEM.

Charge to this account the cost of material used and labor expended in constructing the distribution system, including insulators and connections; track bonding, including track bonds, cost of punching and drilling rails for same; overhead trolley lines, including cost of trolley, guard, span, strain, supplemental, and other wires, and all catenary construction used in connection with the overhead trolley system; cost of third rail, braces and supports for same, insulating devices, materials used in covering and protecting the same, and all fixtures and appliances connected with third-rail conductors; cost of underground contact rails and appliances used in the underground contact system, including contact rails, braces, supports, and insulating devices.

NOTE.—For the definition of the distribution system, see the note to the preceding account No. S163, "Transmission System".

S131. DAMS, CANALS, AND PIPE LINES.

Charge to this account the cost of all dams, canals, aqueducts, and pipe lines devoted to the utilization of water power and the delivery of the water to the headgate of the turbine or water-wheel; also that of all wasteways from the outlet of the draft-tube to the point of final discharge. This includes all gates, valves, and other accessories of such dams; also wasteways, sluices, forebays, grids, walls, fences, etc., for the protection of such canals and pipe lines, and all trestles and other supporting structures; also all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines.

S132. POWER PLANT BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for housing power generating plants. This account includes cost of excavations, permanent foundations (including those for machinery and apparatus), drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

S151. SUB-STATION BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for power sub-station purposes, including excavations, permanent foundations (including those for machinery and ap-

paratus), drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

NOTE.—No charge should be made to this account in respect of a power plant building, even though such building also contains sub-station apparatus.

§120. GENERAL OFFICE BUILDINGS AND EQUIPMENT.

Charge to this account the cost of material used and labor expended in erecting buildings devoted to general office purposes, the cost of all fixtures permanently attached thereto, and the cost of furniture and other equipment for such buildings; also the cost of architects' plans, and of superintendence of construction.

NOTE.—If the land occupied by general office buildings is not a part of right of way and station grounds, its cost should be charged to account No. §112, "Other Street Railroad Land".

195. SHOPS AND CAR HOUSES.

Charge to this account the cost of material used and labor expended in erecting all buildings to be used as shops, car sheds, car houses, oil houses, sand houses, and storehouses; plants for furnishing power for heating and lighting the buildings; preparing grounds before and clearing up same after construction; foundations; painting; sewerage systems; connections with water supply system; architects' fees for drawing plans and supervision of construction; and transportation and incidental expenditures.

196. STATIONS, WAITING ROOMS, AND MISCELLANEOUS BUILDINGS.

Charge to this account the cost of material used and labor expended on stations, waiting rooms, stables, and other miscellaneous buildings, including cost of transportation, station signs, platforms, sidewalks, excavations, foundations, drainage, water, gas and sewer pipes and connections, steam-heating apparatus, stoves, electric light and power fixtures, including wiring for same; grading and putting grounds in order after buildings have been finished; electric bells, elevators, and all other material, furniture, or fixtures used to complete the buildings; wells for water supply of stations; salaries and expenses of architects; also cost of fences, hedges, turnstiles, etc., around station grounds.

NOTE.—This account does not include buildings for park and resort purposes, for which see account No. 198, "Park and Resort Properties"; nor does it include any portion of the cost of a power plant building in which a room is used for station or waiting room purposes.

197. DOCKS AND WHARVES.

Charge to this account the cost of material used and labor expended in constructing docks, wharves, ferry or other landings, and inclines to transfer steamers, including dredging.

NOTE.—The cost of ground on which docks or wharves are built and of riparian or water-front rights in connection therewith is to be charged to account No. §112, "Other Street Railroad Land".

198. PARK AND RESORT PROPERTIES.

Charge to this account the cost of all property (except land) of the corporation in amusement parks and resorts operated for the purpose of inducing travel. When the contract under which such property is acquired covers both land and improvements and does not determine the cost of the unimproved land as distinct from the improvements, the improvements shall be appraised at their fair cash value, and such value shall be charged to this account; the

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remainder of the cost shall be charged to account No. S112, "Other Street Railroad Land".

S141a. FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in generating electric energy. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine or to the gas producer, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

S141b. STEAM ENGINES.

Charge to this account the cost of all steam engines devoted to the production of electric energy. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), includes the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the steam engine and the electric rotor thereon shall be considered a part of the electric equipment.

S142. TURBINES AND WATER-WHEELS.

Charge to this account the cost of all turbines and water-wheels devoted to the conversion of water power into mechanical power for the production of electric energy. This includes the specially provided foundations and settings of such wheels, also their governors and all other appurtenant apparatus attached thereto from and inclusive of the headgates and governors to (but exclusive of) the wasteway. Where the electric rotor is mounted on (not merely coupled to) the shaft of the wheel, the shaft shall be considered a part of the hydraulic apparatus and the electric rotor thereon shall be considered a part of the electric equipment.

S143. GAS POWER EQUIPMENT.

Charge to this account the cost of equipping plants for the generation of gas power, including producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhaustor outfits, seals, specially provided boilers and pumps, gas engines, ignition and compressed air apparatus, piping, holders, and other auxiliary gas power apparatus.

S144. POWER PLANT ELECTRIC EQUIPMENT.

Charge to this account the cost of equipping power plants with dynamos, alternators, generators, rotaries, and other apparatus for generating electric energy; switchboards, station cables, and feeder terminals and wiring in connection with the same; boosters, rheostats, circuit breakers, voltmeters, ammeters and the like, with their specially provided foundations and settings.

NOTE.—This account should not include any sub-station equipment.

S145. MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of all miscellaneous equipment at power plants which is not includible in any of the foregoing accounts. This includes

such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, cranes, hoists, etc., machine tools and such other tools at power plants as are proper to be capitalized, etc.

NOTE.—This account should not include any sub-station equipment.

\$152. SUB-STATION EQUIPMENT.

Charge to this account the cost of all equipment of sub-stations. Such equipment includes not only electric machinery and apparatus, including storage batteries, in sub-stations, but also all other furniture and equipment such as furnaces, boilers, stoves, elevators, etc., permanently assigned to such stations but not affixed to the structures thereof. It does not include laboratory instruments and apparatus not permanently assigned thereto, nor does it include tools only temporarily assigned to such stations.

153. CABLE POWER EQUIPMENT.

Charge to this account the cost of machinery and apparatus for the propulsion of cables used in the operation of cable or incline railroads. This account includes the cost of engines, boilers, shafting, etc.; leading wheels and bearings; and cables used in such operation.

\$122b. SHOP EQUIPMENT.

Charge to this account the cost of machinery and tools used in shops or car houses, and cost of loading, unloading, and placing machinery in position, including the cost of specially provided foundations and settings. This account includes the cost of stationary engines and boilers, motors, compressors, shafting, belting, cranes, forges, and other machinery and tools necessary for the equipment of shops.

201. LOCOMOTIVES.

Charge to this account the cost of locomotives, including all appurtenances, electric equipment, furniture, and fixtures necessary to equip them for service.

202. REVENUE CARS.

Charge to this account all expenditures for passenger, baggage, express, freight, mail, and other cars, from the operation of which revenue is derived.

The term "cars" includes car body and trucks, and all fixtures or appliances inside of or attached to the car body or truck, except the electric equipment of the car.

203. ELECTRIC EQUIPMENT OF CARS.

Charge to this account all expenditures for electric equipment and wiring of all cars, whether revenue or work cars, including labor, material, tools, freight, hauling of material, and all other expenses incident to the work.

204. OTHER RAIL EQUIPMENT.

Charge to this account all expenditures for water cars, sprinkling cars, sand cars, salt cars, supply cars, and other work cars; snow-plows, sweepers, scrapers, and miscellaneous snow equipment.

205. MISCELLANEOUS EQUIPMENT.

Charge to this account all expenditures for horses, harness, wagons, automobiles, and other vehicles, and equipment not elsewhere provided for.

\$281. ENGINEERING AND SUPERINTENDENCE.

Charge to this account all expenditures for services of engineers, drafts-

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men, and superintendents employed on preliminary and construction work, and all expenses incident to the work, when such disbursements can not be assigned to specific construction.

NOTE.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged.

S282. LAW EXPENDITURES DURING CONSTRUCTION.

Charge to this account general expenditures of the following nature, incurred in connection with the construction of a road, namely: the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees; and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of the right of way or other land shall be charged to account No. S111, "Right of Way," or account No. S112, "Other Street Railroad Land," according to the character of the land acquired. Law expenditures in connection with the organization of the corporation shall be charged to account No. 101, "Organization".

S283. INJURIES DURING CONSTRUCTION.

Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of road and equipment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payments to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

S284. TAXES DURING CONSTRUCTION.

Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the road is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

S285. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

Charge to this account the salaries and expenses of executive and general officers of a road under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the furniture and office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.—This account shall not include any costs of organization, or any costs

or discounts connected with the issue and disposal of stocks, funded debt, or other securities and commercial paper.

9286. INTEREST DURING CONSTRUCTION.

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account. To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

0110. LAND IN OTHER DEPARTMENTS.

Charge to this account the cost of the corporation's interests in land (exclusive of improvements thereon) devoted to operations other than electric operations, gas operations, railroad operations, and street railroad operations.¹ Such cost includes, *when assumed or when paid by the purchaser in its own behalf*, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired. If, at the time of acquisition of such interest in lands, it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to operations other than the four classes above mentioned and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value, and such appraised value shall be charged to the appropriate accounts and excluded from the account "Land in Other Departments". If such improvements are held as investments, the cost (or appraised value at time of acquisition of title, if the cost to the corporation is not determined in the contract of acquisition) shall be charged to the appropriate investment account. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land in Other Departments".

0102. FRANCHISES IN OTHER DEPARTMENTS.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" as is necessary to the conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

0103. PATENT-RIGHTS IN OTHER DEPARTMENTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of

¹ NOTE.—ELECTRIC CAPITAL, GAS CAPITAL, AND RAILROAD CAPITAL.—For the accounts to which shall be charged the cost of capital devoted to electric operations, see the Uniform System of Accounts for Electrical Corporations; for gas operations, see the Uniform System of Accounts for Gas Corporations; and for steam railroad operations, see the Uniform System of Accounts for Expenditures for Road and Equipment, etc., as established for Steam Railroad Corporations by the Public Service Commission.

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the corporation's operations other than electric, gas, railroad, and street railroad.

0104. OTHER INTANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of intangible capital devoted to its operations other than electric, gas, railroad, and street railroad, and not includible under any of the foregoing accounts.

0120. TANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of tangible capital devoted to its operations other than electric, gas, railroad, and street railroad.

23. Floating Capital divided into two groups.—Floating capital is divided into two great groups, of which the first is herein called "*Materials and Supplies*," and the second, "*Current Assets*".

26. Definitions of Floating Capital accounts.—In the following definitions the letters and figures prefixed to the titles of the accounts are no part of the titles and are inserted merely for convenience of reference:

S10. MATERIALS AND SUPPLIES.

Charge to this account the cost (including transportation) of all materials and supplies acquired by the corporation, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to account No. S286, "Interest during Construction," or to account No. S852, "Undistributed Adjustments — Balance," according as such materials and supplies are intended for construction or for operation.

The scrap value of things retired from service shall be charged to an appropriate sub-account in this account while such things remain the property of the corporation. If such scrap value is not known and can not readily be determined it shall be estimated, and errors in such estimates when determined shall be adjusted through the accounts involved if during the year in which the estimates were made; if later, then through the "Corporate Surplus or Deficit" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account, and debited or credited to the operating expense account No. S852, "Undistributed Adjustments — Balance," in case they can not be assigned to specific accounts. Shortages may, however, be charged directly to "Corporate Surplus or Deficit". Where such materials and supplies have been used in construction, a suitable proportion of such shortages and overages may be debited or credited to account No. S285, "Miscellaneous Construction Expenditures".

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

1. CASH.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

2. BILLS RECEIVABLE.

Charge to this account the cost of all bills receivable (except as below provided) which are the property of the corporation and upon which solvent concerns are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include investments (for which see below); nor does it include interest coupons.

3. ACCOUNTS RECEIVABLE.

Charge to this account all amounts owing to the corporation upon accounts with solvent concerns (other than banks); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

4. INTEREST AND DIVIDENDS RECEIVABLE.

Whenever the income account is stated the appropriate sub-account therein shall be credited, and this account shall be charged with all accrued but not yet collected interest upon all commercial paper and accounts considered collectible held by or for the benefit of the corporation; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

5. OTHER CURRENT ASSETS.

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

27. Investments defined.—By Investments, as here used, are meant all properties acquired not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations at a time when it seems probable that they can not be so advantageously acquired as at the time of actual acquisition. By bound investments are meant those held subject to a lien of some character; by free investments are meant those held free of all liens.

300. INVESTMENTS.

The cost of the corporation's title to any property held as an investment shall be charged to an account entitled "Investments".

NOTE.—In the annual reports to be made to the Public Service Commission by the corporations and other persons engaged in street railroad operations, invest-

ments, whether bound or free, will be required to be classified with at least the following detail:

Bound investments will be required to be divided into the three classes: "Mortgaged or Pledged Investments," "Contractual Fund Investments," and "Other Bound Investments". Each of these three classes, and the class "Free Investments," will be required to be subdivided into the following: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlled Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments.

28. *Special Deposits defined.*—By *Special Deposits*, as here used, are meant amounts of money and bank credits in the hands of fiscal agents of the corporation and others for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safety deposit vaults, etc., so long as they are available for general purposes of the corporation, shall be excluded herefrom.

311. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits specially deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest Accrued" account.

312. DIVIDEND SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits specially deposited in the hands of fiscal agents or other agents of the corporation for the payment of dividends upon the corporation's stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

313. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other special purposes than the payment of interest coupons and dividends. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

29. *Prepayments.*—When payments for taxes, insurance, rents and the like are made in advance of the actual accrual thereof, the amount of the advance payment shall be charged to the appropriate account in this group. As such taxes, etc., accrue, the appropriate prepayment account shall be credited and the appropriate expense or other income account shall be charged.

NOTE.—By the accrual of taxes, insurance, rent, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus: if the rent fixed by contract of lease for a certain property is \$600 for a calendar year, this accrues at the rate of \$50 each month (unless it is desired to

base the accrual on days, when of course the varying lengths of the months would require to be considered), regardless of the actual times when the rent matures; \$50 should thus (if the rent has been prepaid) be credited each month to the account, "Prepaid Rents," and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

321. PREPAID TAXES.

When taxes are paid in advance of their accrual, the amount prepaid shall be charged to this account. As the taxes thus prepaid accrue they shall be credited at monthly intervals to this account and charged to the appropriate taxes account. This account must not include any so called taxes, like water taxes, drainage taxes, fire taxes, etc., which are payments for special benefits received. Such payments for special benefits, where finally chargeable to operating expenses, must, when prepaid, be charged to the account "Other Prepayments".

322. PREPAID INSURANCE.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue they shall be credited at monthly intervals to this account and charged to the appropriate expense account.

323. PREPAID RENTS.

When rents are paid in advance of the enjoyment of the term, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As the term is consumed, this account shall be credited at monthly intervals and the appropriate rent account in the income account shall be charged.

324. OTHER PREPAYMENTS.

When prepayments are made for any other thing than taxes, insurance, and rents, above provided for, such prepayments shall be charged to this account; and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited monthly to this account and charged to the appropriate expense or income account.

30. *Suspense.*—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which under the rules of the Public Service Commission may be spread over a period of time, or when any debit made for any other reason may be amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss, or other debit shall, except as herein otherwise directed, be charged to an appropriate account in this group of accounts.

NOTE.—By "amortization" of any charge or credit is meant its gradual extinction. The word is broader than the word "depreciation," since the latter is restricted ordinarily to tangible property. The word "depreciation" also imports more of the idea of fluctuating value and is complicated somewhat with the question of cost of replacement at market prices. Because it is considered unnecessary in connection with the gradual consumption or expiration of life of capital to consider the question of cost of replacement until the replacement is actually made, at which time the cost of replacement is duly charged to the appropriate account, and because provision is necessary for the gradual extinction of certain charges (such as those for some kinds of capital, those for extraordinary casualties, for discount on debt, etc.) to which the term "depreciation" does not well apply, it is considered advisable to use the term "amortization" in connection with the extinction of such charges, and of certain corresponding credits, such as premiums on debt outstanding.

331. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidence of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidence of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to the account "Amortization of Debt Discount and Expense" in "Income" account. Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to the account "Other Deductions from Surplus".

332. OTHER SUSPENSE.

To this account shall be made all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit".

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

31. Securities Actually Issued and Later Re-acquired.—For the case of securities *actually issued* by the corporation and later re-acquired by it, the following account is provided:

340. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face values to this account.

32. Debt defined.—The word *debt*, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt*.

33. **Funded Debt defined.**—*Funded Debt* comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

34. **Unfunded Debt defined.**—*Unfunded Debt* comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

35. **Funded Debt accounts.**—*Funded debt* shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as *e. g.*, "First Mortgage 5% QF 10, Aug. 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture". "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds".

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page, and account whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

36. **Unfunded Debt accounts.**—The accounts for unfunded debt are defined as follows:

351. TAXES ACCRUED.

Credit to this account at the close of each month the taxes accrued during the month, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

352. RECEIVER'S CERTIFICATES.

When any receiver acting under the orders of a competent court is in possession of the property of the corporation, and under the orders of such court

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issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited monthly to this account.

353. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties, and the character of the action or suit. Interest accruing upon any such judgment shall be credited monthly to this account.

NORM.—In case of appeal and affirmance in whole or in part from which judgment of affirmance a further appeal lies, the same rule shall apply as upon entry of original judgment.

354. INTEREST ACCRUED.

Credit to this account at the close of each month the interest accrued during the month upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NORM.—When coupon interest matures it should be transferred from the sub-account "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured." When such interest is paid out of coupon special deposits the sub-account "Coupon Interest Matured" should be charged and the account "Coupon Special Deposits" credited.

355. DIVIDENDS DECLARED.

When any dividend is declared, it shall be credited to this account and here remain until it is paid, when it shall be charged to this account and credited to "Cash" or other suitable account.

356. BILLS PAYABLE.

When any note, draft, or other bill payable, which matures not later than one year after date of issue (or of demand) or assumption by the corporation of primary liability thereon is issued or assumed, the par value thereof shall be credited to this account, and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account.

357. ACCOUNTS PAYABLE.

Credit to this account when incurred all liabilities of the corporation upon open accounts.

358. OTHER UNFUNDED DEBT.

Credit to this account, at face value, all unfunded debt upon which the corporation is liable, and which is not elsewhere provided for.

37. **Reserves.**—Reserves shall be classified as *Permanent* and *Temporary*.

38. **Permanent Reserves defined.**—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. *Permanent*

reserves shall be classified into the two classes: *Premiums on Stocks*, and *Other Permanent Reserves*.

371. PREMIUMS ON STOCKS.

Premiums on stocks shall be sub-classified with respect to the several classes of stocks, for definitions of which see the accounts under the head "Stocks." A sub-account shall be kept for each particular class of stocks, and such sub-accounts shall be severally entitled:

Premiums on Debenture Stocks,

Premiums on First Preferred Stocks,

Premiums on Second Preferred Stocks, etc., and

Premiums on Common Stocks.

When a premium is realized upon an issue of any particular class of stock, such premium shall be credited to the sub-account above provided for such class of stock, and such credit shall remain in such account so long as such stock remains outstanding. By the *premium realized* (as the words are above used) is meant the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value thereof shall be considered the premium realized.

372. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account shall be created for each particular purpose for which a reserve is raised, and the purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

39. *Temporary Reserves defined.*—By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. Temporary Reserves shall be classified as *Contractual Reserves* and *Non-contractual Reserves*.

40. *Contractual Reserves defined.*—*Contractual Reserves* are reserves necessitated by contracts of the corporation, as *e. g.*, reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account shall be raised for each particular contractual reserve, and to such account shall be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

41. *Non-contractual Reserves defined.*—*Non-contractual Reserves* are such temporary reserves as are raised without being required under any contract. Non-contractual Reserves are divided into *Required* and *Optional*.

42. *Required Reserve accounts.*—Required reserves are provided for in the following accounts:

374. ACCRUED AMORTIZATION OF CAPITAL.

Credit to this account such amounts as are charged from time to time to "Operating Expenses," or other accounts to cover depreciation of way and structures, depreciation of equipment, and other amortization of capital.

When any capital is retired from service, the original money cost thereof (estimated if not known, and where estimated, that fact and the facts upon which the estimate is based shall be stated in the entry), less salvage, shall (except as provided in account No. 8100, "Fixed Capital, December 31, 1908,") be charged to this account. The amount originally entered or contained in the charges to any capital account in respect of such capital so going out of service shall be credited to such capital account, and any necessary adjusting entry made to the appropriate sub-account under the account "Corporate Surplus or Deficit".

375. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidence of indebtedness and the accrued interest shall be credited to this account. At monthly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity shall be charged to this account and credited to "Amortization of Premium on Debt," in "Income" account; or at the option of the corporation the charge to this account may be delayed to a time not later than the date of maturity of the debt, in which case the proportion applicable to the period covered by the then current income account shall be credited to the account "Amortization of Premium on Debt," and the remainder of the credit shall be to the account "Other Additions to Surplus".

376. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve shall show the purpose of the reserve and every subsequent entry with respect to that reserve shall designate the reserve to which it relates.

43. *Optional Reserve accounts.*— *Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

381. CASUALTIES AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualties and Insurance Reserve". Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

382. OTHER OPTIONAL RESERVES.

A sub-account shall be raised for each particular reserve, and its title shall designate the purpose of such reserve and the first entry therein shall express in full such purpose.

44. *Stocks defined.*—By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

45. *Stocks classified.*—Stocks are classified as—
Debenture Stocks,
First Preferred Stocks,
Second Preferred Stocks, etc., and
Common Stocks.

46. *Debenture Stocks defined.*—*Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

47. *First Preferred Stocks defined.*—*First Preferred Stocks* are those which have the first claim upon such dividends as may be distributed. They may be cumulative or noncumulative, participating or nonparticipating. If *cumulative*, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends until satisfied; if *noncumulative*, such amount lapses. If a first preferred stock is *participating*, it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if *nonparticipating*, it is limited to the stipulated rate.

48. *Second Preferred Stocks defined.*—*Second Preferred Stocks* are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or noncumulative, participating or nonparticipating.

49. *Common Stocks defined.*—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

50. *Voting Powers.*—Stocks differ also in regard to the voting powers incident to ownership of them.

51. *Retirement of Stocks.*—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

52. *Separate account required for each class of stocks.*—In the accounts of stocks outstanding, a separate account shall be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks, and shall be clearly expressed in the first entry in such account. To the account for any class of stocks shall be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other con-

sideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be by him disposed of for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess shall be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

SCHEDULE A

INCOME ACCOUNT.

1. **Income and Indicant accounts compared.**—A comparison of the balances in the foregoing accounts (Schedule A) at any particular moment will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the *Balance Sheet* or *Indicant* accounts. Their balances indicate the condition of the corporation at any particular time. These accounts with their subsidiary accounts are all that are necessary prior to the time when the corporation becomes what may be called a "going concern".

When a corporation begins operations, it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the *Income* account. They are made up usually on a yearly basis, and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group.

2. **Divisions of Income account.**—The principal divisions of this group of accounts are the "Revenue" accounts, the "Revenue Deduction" accounts, the "Income Deduction" accounts, and the "Appropriation" accounts.

3. **Revenues defined.**—By *Revenues*, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interests in property). Revenues are classified as *Operating Revenues* and *Non-operating Revenues*.

4. **Operating Revenues defined.**—*Operating Revenues* are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its operations.

5. **Non-operating Revenues defined.**—*Non-operating Revenues* are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as *Rents*, *Interest*, *Dividends*, and *Miscellaneous*.

6. **Revenue Deductions defined.**—*Revenue Deductions* include *Expenses*, *Taxes*, and *Uncollectible Bills*.

7. **Expenses defined.**—*Expenses* are those outgoes (including capital consumed) necessary to the production of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into *Operating Expenses* and *Non-operating Expenses*. *Operating Expenses* are those incident to the operating revenues.

8. **Taxes defined.**—*Taxes* are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. **Uncollectible Bills defined.**—When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity (as *e. g.*, electric energy or gas for light, heat, or power), current accounts or claims against such consumers for such service rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills*.

10. **Gross Income, Income Deductions, and Net Corporate Income defined.**—Revenues, diminished by expenses, taxes, and uncollectible bills, give an amount called *Gross Income*, which is applicable to corporate and leased properties. Gross income is subject to several compulsory deductions, mostly contractual, like rent, interest, etc., and the remainder after these are made is called *Net Corporate Income*, which being subject only to the discretion of the corporation is most conveniently carried directly to the corporate surplus. The accounts covering the compulsory deductions from gross income, as above defined, are called the *Income Deduction* accounts.

11. **Appropriation accounts defined.**—The accounts covering the yearly changes in the corporate surplus are called the *Appropriation* accounts, since practically all of the matters covered by them are within the discretion of the corporation, although they also include certain adjustments made because of facts of previous years imperfectly accounted for at the time (whether through error or through lack of information), and certain other minor matters like extraordinary expenses not chargeable as deductions from revenues; also such matters as profits on the sale of capital, and profits and losses on the sale of investments.

12. **Definitions of Street Railroad Operating Revenue accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the title or of the definitions:

I. REVENUE FROM TRANSPORTATION.

451. PASSENGER REVENUE.

This account includes amounts earned by the accounting corporation in the transportation of passengers in regular cars.

Credit to this account the carrier's proportion of receipts from the sale of tickets and the collection of cash fares; also overcollections made in excess of determined rates, such overcollections to be held subject to claim. Charge to this account amounts paid for fares refunded, amounts paid for tickets redeemed, and amounts paid for transferring passengers and baggage between stations or depots, except in cases where the transfer of both passengers and baggage is provided in the division of the through rate.¹

NOTE A.—Cash fare penalty collections made by conductors and the proportion of amounts collected on sale of mileage tickets and mileage credentials subject to refund must not be credited to "Passenger Revenue".

NOTE B.—"Passenger Revenue" should be credited with mileage tickets only as the mileage therefrom is honored for transportation. Receipts from mileage books when sold should be credited to an open account, which account should be charged and "Passenger Revenue" credited as the mileage is honored. A similar practice

¹ Charges to this and the following revenue accounts must be made in such wise as to permit their classification in the annual report of the corporation to the Public Service Commission.

should be followed in connection with the sale of strip, coupon, and other tickets not restricted to continuous trips.

452. BAGGAGE REVENUE.

Credit to this account amounts earned by the carrier in the transportation of baggage in excess of free authorized allowances; also packages, articles, dogs, etc., transported as baggage. Charge to this account all baggage refunds.

453a. CHARTERED CAR REVENUE.

Credit to this account revenue from cars chartered for special passenger service.

453b. PARLOR AND CHAIR CAR REVENUE.

Credit to this account amounts earned by the carrier in fares collected from passengers for seats in parlor, observation, chair, and other specially equipped passenger cars operated by street railroad companies. Charge to this account authorized refunds and tickets redeemed.

454. MAIL REVENUE.

Credit to this account amounts earned by the carrier in the transportation of mail and revenue from railroad postoffice cars, special facilities, and bonuses for special mail transportation. Charge to this account fines and penalties imposed by the Government when not collected from agents or employees.

455. EXPRESS REVENUE.

Credit to this account amounts earned by the carrier in transportation and for facilities on cars and at stations incident to the transportation of express matter, not including the separate rents of offices at stations. (See account No. 455c, "Rent of Buildings and Other Property".)

When a street railroad company transacts an express business through its regular railroad organization, the earnings therefrom should be credited to this account.

The term "express" is intended to cover matter handled at a higher rate than freight on account of quicker service or of collection and delivery.

456. MILK REVENUE.

Credit to this account amounts earned by the carrier in the transportation of milk and cream. Charge to this account refunds and overcharges on milk and cream so carried.

457. FREIGHT REVENUE.

This account includes amounts earned by the carrier in the transportation of freight.

Credit to this account the carrier's proportion of receipts for freight transportation; also overcollections made in excess of proper rates, such overcollections to be held subject to claim. Charge to this account overcharges paid resulting from the use of erroneous rates, weights, or classification; amounts paid for switching absorbed; authorized allowances; uncollected earnings on freight destroyed in transit and on short and lost freight; also uncollectible undercharges determined after delivery has been made.

458. SWITCHING REVENUE.

Credit to this account amounts earned by the carrier in switching service. Charge to it all overcharges on such switching.

459. MISCELLANEOUS TRANSPORTATION REVENUE.

Credit to this account amounts earned by the carrier in transportation not otherwise provided for.

II. OTHER STREET RAILROAD OPERATING REVENUES.

461. ADVERTISING AND OTHER PRIVILEGES.

Credit to this account the carrier's revenues from weighing, vending, and other automatic machines located at stations; from advertising at stations and on cars; from news companies or others for the privilege of operating news and other stands at stations, and selling papers, periodicals, fruit, etc., on cars; from telephone companies for the privilege of installing and operating commercial telephones at stations; and from other similar sources.

462a. PARCEL ROOM RECEIPTS.

Credit to this account the carrier's revenues from the operation of parcel rooms, the expenses of which are included in operating expenses.

462b. STORAGE.

Credit to this account the carrier's revenues from storage of freight and baggage. Charge to it authorized refunds.

463. CAR SERVICE.

Credit to this account amounts accruing as penalties for delay in loading or unloading cars (demurrage). Charge to it authorized refunds.

464. TELEPHONE AND TELEGRAPH SERVICE.

Credit to this account the carrier's revenues from commercial telephone and telegraph business transacted by it when the expense of transacting such business can not be separated from the expense of conducting the railroad service; also amounts received from telephone and telegraph companies, whether proportion of earnings or otherwise, for the privilege of transacting a commercial telephone or telegraph business in offices along the carrier's lines, when the carrier furnishes some service of its employees whose wages are included in operating expenses.

NOTE.—When a telephone company or a telegraph company rents the line of the carrier and pays all expenses incident to its maintenance and operation, the rent received should be credited to Non-operating Revenues.

465a. RENT OF TRACKS AND TERMINALS.

Credit to this account all compensation received for the use of bridges, electric lines, tracks, and terminals in the possession of and maintained or operated by the accounting corporation primarily for its own benefit. Also credit to it the rent element or the profit or return upon the value of property involved in amounts chargeable against participating companies or corporations for their use of such bridges, electric lines, tracks, and terminals in the possession of and maintained or operated by the accounting corporation for the joint benefit of itself and the using companies or corporations under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, where such arrangement permits including in the charge an element of profit or return upon the property involved. Such profit or return must be over and above any provision for wear and tear and depreciation of such property, and the amount credited to this account in respect thereof must be as provided in the said arrangement.

NOTE.—Revenue from leased lines not operated by the lessor should be included in Non-operating Revenues.

465b. RENT OF EQUIPMENT.

Credit to this account all compensation received for the use of cars, loco-

motives, the electric equipment of cars, and other equipment only temporarily out of the possession of the accounting corporation but usually in its possession and held by it primarily for its own benefit. Also credit to it the rent element or the profit or return upon the value of property involved in amounts chargeable against participating companies or corporations for their use of such equipment maintained or operated or held by the accounting corporation for the joint benefit of itself and the using companies or corporations under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, where such arrangement permits including in the charge an element of profit or return upon the property involved. Such profit or return must be over and above any provision for wear and tear and depreciation of such equipment, and the amount credited to this account in respect thereof must be as provided in the said arrangement.

NOTE.—Revenue from leased equipment held exclusively by another company or corporation under some form of lease should be included in Non-operating Revenues.

465c. RENT OF BUILDINGS AND OTHER PROPERTY.

Credit to this account the carrier's revenues from rents of buildings, land, and other property, such as depot and station grounds and buildings, general and other offices, rooms rented at stations, docks, wharves, ferry landings, section and other houses, etc., when such property is used in connection with operations and is maintained or operated by the accounting corporation primarily for its own benefit. Also credit to it the rent element or the profit or return upon the value of property involved in amounts chargeable against participating companies or corporations for their use of such property in the possession of and maintained or operated by the accounting corporation for the joint benefit of itself and the using companies or corporations under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, where such arrangement permits including in the charge an element of profit or return upon the property involved. Such profit or return must be over and above any provision for wear and tear and depreciation of such property, and the amount credited to this account in respect thereof must be as provided in the said arrangement.

NOTE.—Revenue from rent of real estate purchased or conducted as an outside investment, and out of the possession of the accounting corporation, should be included in Non-operating Revenues.

466a. SALE OF POWER.

Except as provided in the following sentence, credit to this account all receipts from the sale of power, whether for lighting, heating, or motive purposes. If the company conducts a general lighting and power business, as well as a street railroad business, the receipts from such lighting and power business should not be credited to this account, but to a separate account.

NOTE.—The expenses of conducting such lighting and power business should be excluded from the expenses of the street railroad operations through the means of the several accounts entitled "Other Operations — Cr."

466b. JOINT ELECTRIC POWER REVENUE.

When a carrier engages in the production of power for the benefit of another company or companies under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, if such arrangement provides for the receipt by the car-

rier of any profit or return upon its property, such profit or return shall be credited to this account. Such profit or return must be over and above any provision for wear and tear and depreciation in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

467. PARK AND RESORT REVENUE.

Credit to this account the carrier's receipts from the sale of privileges, admission tickets, etc., in connection with amusement parks, park properties, and resorts operated primarily for the purpose of inducing travel.

NOTE.—When such properties are operated primarily for other purposes, the revenues therefrom must be credited to Revenues from Outside Operations.

468. MISCELLANEOUS.

Credit to this account all revenue from street railroad operations (other than transportation) not includible in the preceding revenue accounts.

13. *Revenues from Outside Operations.*—The detailed revenue accounts for operations other than the above mentioned will be provided for elsewhere.

14. *Operating Expenses defined.*—By the *operating expenses* of a corporation are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of the commodities produced, and the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived are excluded from operating expenses.

15. *Definitions of certain terms used in connection with expense accounts.*—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account, as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

16. *Definitions of Street Railroad Operating Expense accounts.*—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

GENERAL ACCOUNTS.

- I.—Maintenance of Way and Structures.
- II.—Maintenance of Equipment.
- III.—Traffic.
- IV.—Conducting Transportation.
- V.—General and Miscellaneous.

I. MAINTENANCE OF WAY AND STRUCTURES.

701. SUPERINTENDENCE OF WAY AND STRUCTURES.

Charge to this account salaries and office and traveling expenses of officers and their assistants when directly in charge of Maintenance of Way and Structures, including chief engineer, engineer maintenance of way, superintendent of electric line, superintendent of buildings, architect, division engineer, roadmasters, track foremen, and office and field forces; cost of repairing drafting and engineering instruments, and original cost of such instruments as are not properly capitalized; cost of supplies used by officers and employees whose salaries are charged to this account; office rent, cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

NOTE A.—No portion of expenses of general offices shall be charged to this account.

NOTE B.—When employees enumerated above are engaged in work not chargeable to "Maintenance of Way and Structures," their salaries and expenses should be charged to the specific work on which engaged.

NOTE C.—When employees enumerated above also have supervision over other departments, their salaries and expenses should be properly apportioned (in accordance with the service rendered) between the departments over which they have jurisdiction.

703. ROADWAY AND TRACK REPAIRS.

Charge to this account all matters provided for under the following heads:

BALLAST: This head includes all expenses incident to the purchase and production of ballast used for maintenance: purchase price of gravel, stone, slag, cinders, sand, and other material used for ballast, including freight charges, if any; payments for gravel and quarry rights and privileges; expenses of sinking test holes; stripping, blasting, loading, and other expenses in connection with production of ballast.

NORM.—The cost of labor of delivering, unloading, and putting ballast into track should be charged to this account under the head of "Roadway and Track Labor".

TIES: This head includes the cost of ties and timbers used to renew cross, switch, and bridge ties, head-blocks and railroad crossing timbers for main and repair tracks, sidings, and spurs; in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables; including freight, inspection, and any special treatment for preservation.

NORM.—The cost of labor of unloading, distributing, and putting ties into track should be charged to this account under the head of "Roadway and Track Labor".

RAILS: This head includes the cost of rails used to renew main and repair tracks, sidings, and spurs; tracks in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables; including freight and inspection; also of guard-rails used in track.

NORM.—The cost of labor of unloading, distributing, and laying rails in track should be charged to this account under the head of "Roadway and Track Labor".

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RAIL FASTENINGS AND JOINTS: This head includes the cost of rail fastenings and joints used for repairs and renewals, including fish-plates, braces, tie-plates, tie-rods, nuts, bolts, spikes, cost of welded joints, etc., for main and repair tracks, sidings, and spurs; tracks in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables; including freight and inspection.

NOTE.—The cost of applying rail fastenings and joints should be charged to this account under the head of "Roadway and Track Labor".

SPECIAL WORK: This head includes the cost of material used in repairing and renewing special work, including steam and street railroad crossings, crossovers, curves, frogs, runoffs, switches, switchmates, and turnouts; including freight and inspection.

NOTE.—The cost of labor in connection with this work should be charged to this account under the head of "Roadway and Track Labor".

UNDERGROUND CONSTRUCTION: This head is only for railroads operated by underground electric contact system, and for those operated by cable traction. It includes the cost of material used in repairing and renewing yokes, concrete work, manhole frames and covers, slot rails, drainage pipes, pulleys and sheaves, and other fixtures and appurtenances peculiar to underground electric or cable construction.

NOTE A.—The cost of labor in connection with this work should be charged to this account under the head of "Roadway and Track Labor".

NOTE B.—The cost of repairing and renewing electric contact rails and insulators, and cables of cable railroads, must not be charged to this account.

ROADWAY AND TRACK LABOR: This head includes the cost of all labor used in unloading, distributing, and placing ballast; renewing and relaying ties; repairing, renewing and relaying rails; repairing, renewing and replacing rail fastenings and joints; repairing, renewing, and replacing special work; and repairing, renewing and replacing underground construction; also that used in grading, aligning, surfacing, and gauging tracks; taking up track, whether another is laid to replace it or not; constructing and cleaning tile and open ditches; protecting banks by retaining walls, riprap, piling, piers, dikes, or other means; patrolling, inspecting, and watching track, and other miscellaneous roadway and track labor.

PAVING: This head includes the cost of material used and labor expended in repairing and renewing paving, including granite, wood, brick, and asphaltum pavement, sand and concrete work made necessary by repairs and renewals of paving; hauling and distributing material; also cost of removing old material.

Repairs and renewals of street paving in connection with roadway and track required by municipalities shall also be charged under this head.

MISCELLANEOUS ROADWAY AND TRACK EXPENSES: This head includes the cost of roadway tools when chargeable to expenses, and cost of all material used and labor expended in repairing and renewing all tools, implements, flags, lanterns, etc., used in repairing roadway and track; also such other material, supplies, and incidental expenses as are not properly chargeable under any of the foregoing heads under Roadway and Track Repairs.

713. CLEANING AND SANDING TRACK.

Charge to this account the cost of all material used and labor expended in cleaning, greasing, watering, sprinkling, and oiling roadway and tracks; sanding track; cost of sand and of hauling, drying, and distributing same;

cost of track brooms and other cleaning and sanding tools and apparatus; curve grease, water for sprinkling and watering track, oil for oiling roadbed, and all other supplies and expenses incident to the work.

NOTE A.—Repairs of sprinkling and sand cars used in connection with this work should be charged to account No. 748, "Repairs of Cars and Locomotives".

NOTE B.—Repairs of wagons and harness used in connection with this work should be charged to account No. 751, "Miscellaneous Equipment Expenses".

NOTE C.—Cost of sprinkling rendered necessary by repairs or construction of track or paving should be charged to the proper maintenance or construction account.

714. REMOVAL OF SNOW, ICE, AND SAND.

Charge to this account the cost of all material used and labor expended for removal of snow, ice, and sand from tracks, whether done by the company or otherwise, including tools and expenses; cost of salt and delivering same in car houses or bins, and the wages of men engaged in salting track and operating snow-plows, sweepers, scrapers, etc.

NOTE A.—Repairs of salt cars, snow-plows, sweepers, scrapers, and miscellaneous snow and sand equipment used in connection with this work should be charged to account No. 744, "Repairs of Cars and Locomotives".

NOTE B.—Repairs of wagons used in connection with this work should be charged to account No. 752, "Miscellaneous Equipment Expenses".

715. OTHER REPAIRS OF WAY.

Charge to this account all matters provided for under the following heads:

REPAIRS OF TUNNELS: This head includes the cost of repairing tunnels; pay of tunnel watchmen and cost of supplies used by them; cleaning, repainting and whitewashing; and maintenance of lighting, ventilating, and drainage systems. This account does not include repairs or renewals of roadway, tracks, or electric feeder and contact lines through tunnels.

REPAIRS OF ELEVATED STRUCTURES AND FOUNDATIONS: This head is intended to be used only by companies operating an elevated railroad system; it includes the cost of all repairs of elevated structures and their foundations.

REPAIRS OF BRIDGES, TRETTLES, AND CULVERTS: This head includes the cost of all repairs of bridges, trestles, culverts (both substructure and superstructure), piers, abutments, masonry, and drainpipes, including repairs made necessary by washouts; retaining walls, riprapping, and dikes necessary to protect or strengthen bridges and culverts against ice, water, or drift; guards on bridges, framing ties for bridges; bridge signs or number boards; cost of cleaning channels under bridges and cleaning culverts; altering and bracing bridges and trestles during progress of filling; removing old bridges in connection with construction of new bridges, and constructing and removing temporary or false work used in repairing bridges and culverts.

Pay of bridge foremen and bridge watchmen and cost of all supplies used by them, and pay of bridge inspectors and expenses incident to bridge inspection shall be charged to this account.

NOTE.—Any structure carrying tracks of the accounting corporation over other tracks, or over a stream, highway, or canal should be considered a bridge or a culvert. The cost of maintaining structures carrying other tracks, canals, highways, etc., over the accounting corporation's tracks should be charged under the following head, "Repairs of Crossings, Fences, and Signs".

REPAIRS OF CROSSINGS, FENCES, AND SIGNS: This head includes the cost of all repairs of street, road, and farm crossings at grade, overhead bridges and viaducts, roadways of undergrade foot or wagon crossings; crossing gates and warning signals; cost of drainage and excavations for undergrade crossings;

and payments and assessments for street repairs or sewers at crossings; also the cost of repairs of right of way fences, snow and sand fences, cattle-guards, wing-fences, aprons, and hedges, and mile, section, warning, and other road-way signs.

NOTE A.—Street or sewer repairs within the limits of shop grounds or immediately adjacent to station buildings should be charged to account No. 725, "Repairs of Buildings and Structures".

NOTE B.—This account does not include ballast, ties, or other track material, and track labor at street, road, and farm crossings, such being provided for in account No. 703, "Roadway and Track Repairs".

REPAIRS OF SIGNAL AND INTERLOCKING SYSTEMS: This head includes the cost of repairs of buildings and appliances of interlocking systems, and semaphores, block, and other signal systems, and all machinery such as air compressors, levers, boilers, dynamos, engines, and machinery and fixtures used in connection therewith.

NOTE A.—This account does not include the cost of track material proper required in connection with interlockers, such as switches, special track fastenings, split rails, frogs, etc., the cost of which should be charged to account No. 703, "Roadway and Track Repairs".

NOTE B.—Rent of appliances for signals and interlocking systems should be charged to account No. 814, "Operation of Signal and Telephone Systems".

NOTE C.—If signal wires are attached to poles and fixtures used for other purposes, the cost of repairs of such poles and fixtures should be charged to account No. 723, "Repairs of Electric Line".

TELEPHONE AND TELEGRAPH REPAIRS: This head includes the cost of all repairs and renewals of telephone and telegraph systems owned by the company or for which it is responsible, including conduits, poles, cross-arms, insulators, wires, cables, cable-boxes, instruments, battery jars, switchboards, and all other appurtenances forming a part of the telephone and telegraph systems.

NOTE A.—Rents of telephone and telegraph systems shall be charged not to this account, but to account No. 814, "Operation of Signal and Telephone Systems".

NOTE B.—If telephone or telegraph wires are attached to poles and fixtures used for other purposes, the cost of repairs of such poles and fixtures should be charged to account No. 723, "Repairs of Electric Power Line".

OTHER MISCELLANEOUS WAY EXPENSES: This head includes all expenses in connection with Maintenance of Way not properly chargeable under preceding heads.

723. REPAIRS OF ELECTRIC POWER LINE.

Charge to this account¹ all matters provided for under the following heads:

POLE AND FIXTURE REPAIRS: This head includes the cost of repairing and renewing poles, cross-arms, and insulator pins, brackets, and other pole fixtures, braces and other supports for holding the poles in position; also repairs of towers and other structures maintained primarily for supporting the overhead electric construction.

This head does not include insulators.

NOTE.—The cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction shall, when the individual costs of the same equal or exceed \$100, be treated through the appropriate capital accounts. When the individual cost is less than \$100, the replacement may be charged directly to this account.

UNDERGROUND CONDUIT REPAIRS: This head includes the cost of repairing and renewing conduits required for underground wires and cables, including

¹ Charges to this account shall be made in such detail and fullness as to permit their analysis in accordance with the heads prescribed.

manholes, sewer connections, sewer traps, and all other material necessary to the maintenance of the conduit system.

TRANSMISSION SYSTEM REPAIRS: This head includes the cost of repairing and renewing the transmission system, including cables, wires, insulators and insulating material; also cost of changing route of line or removing line when no replacement is made.

NORM.—In electric railroad operations, when the electric current generated (or received) is changed by means of (a) rotary converters, or (b) motor generator sets, or (c) static transformers (sub-station apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the Transmission System. Tie-lines between generating stations and sub-stations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system), including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as Distribution System.

DISTRIBUTION SYSTEM REPAIRS: This head includes the cost of repairing and renewing the distribution system, as follows:

a. *Overhead feeders* for distributing energy from power stations and sub-stations, including insulators and connections.

b. *Underground feeders* for distributing energy from power stations and sub-stations, including insulators and connections.

c. *Track bonding*, including track bonds, cost of punching and drilling rails for track bonds, and testing for defective bonding.

d. *Overhead trolley*, including cost of trolley, guard, span, strain, supplementary and other wires, and all catenary construction used in connection with the overhead trolley system.

e. *Third rail*, including cost of third rail, braces and supports for same, insulating devices, material used for covering and protecting same, and all fixtures and appliances connected with third-rail conductors.

f. *Underground contact rails*, including cost of contact rails, and braces, supports, insulating devices and other appliances in underground contact systems.

Corporations which desire to keep sub-accounts of the Distribution System Maintenance Expense shall follow the foregoing classification.

NORM.—For the definition of the distribution system, see the note to the preceding head, "Transmission System Repairs".

MISCELLANEOUS ELECTRIC LINE EXPENSES: This head includes all expenses in connection with maintenance of electric line not properly chargeable under other heads. Such replacements as are chargeable to the capital accounts shall not be included here.

725. REPAIRS OF BUILDINGS AND STRUCTURES.

Charge to this account the cost of repairs of buildings and structures used in the operation of the road; cost of repairs of fixtures therein; cost of maintaining walks, driveways, and grounds connected with buildings; cost of delivering material, including freight charges, if any, and all incidental expenses connected with the maintenance of buildings and structures.

The term "Buildings and Structures," in addition to embracing the buildings proper, shall be understood to include fixtures when immovable and built in as a part of the structure; permanent foundations for machinery and apparatus; pipes for gas, water, sewerage, and drainage; apparatus for heating, lighting, and ventilating; freight and passenger elevators with

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fixtures and appurtenances; platforms; appliances for protecting buildings against fires; fences, walls, sidewalks, and pavements within the limits of grounds immediately adjacent to buildings or yards, except paving in tracks.

NORM.—The cost of replacement of a building or structure, when in excess of \$100, shall be treated through the appropriate capital account; when less than \$100, it may be charged directly to this account or a sub-account hereunder.

Repairs of buildings and structures may, if desired, be further classified under the following headings, which shall be the titles of sub-accounts set up hereunder:

- a. *Power plants.*
- b. *Sub-stations, including storage battery buildings.*
- c. *Car houses.*
- d. *Shops.*
- e. *General office buildings.*
- f. *Stations, waiting rooms, and platforms.*
- g. *Docks and wharves.*
- h. *Miscellaneous buildings and structures.*

i. *Other building and structure maintenance, which shall include all expenses in connection with maintenance of buildings and structures not properly chargeable to any of the foregoing subdivisions.*

NORM.—The cost of repairs and renewals of track and electric power line in buildings, yards, and grounds should be charged to the proper accounts "Repairs of Roadway and Track," or "Repairs of Electric Power Line."

726. OTHER OPERATIONS — DR.

Charge to this account the proportion of operating expenses chargeable to Maintenance of Way and Structures of the railroad department, but defrayed, in the first instance, by another coördinate department (such as electric light, heat, power, or gas) within the same corporation.

727. JOINT WAY AND STRUCTURES — DR.

When any way or structure is maintained by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance, the portion of such expense to be met by the accounting corporation shall be charged to this account. The portion so charged may include provision for depreciation of such way or structure as well as current outlay for repair, but must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

728. OTHER OPERATIONS — CR.

Credit to this account the proportion of the Maintenance of Way and Structures expense chargeable to other coördinate departments (such as electric light, power, heat, or gas) within the same company, but defrayed in the first instance by the street railroad department.

729. JOINT WAY AND STRUCTURES — CR.

When any way or structure is maintained by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several partici-

pants) the expense of maintenance, the portion of such maintenance expense chargeable to such others under the arrangement shall be credited to this account. The portion so credited may include provision for depreciation of such way or structure as well as current outlay for repairs, but must not include any allowance for profit or return upon such property.

NORM A.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

NORM B.—In the case of the production of power part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to revenue account No. 466a, "Sale of Power," and on the part of the paying company is to be charged to the expense account No. 786, "Power Purchased".

780. DEPRECIATION OF WAY AND STRUCTURES.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the month on all way and structures of the accounting corporation, less an amount equal to the sum of the amounts charged for that month to the various repair accounts in Maintenance of Way and Structures. The amount charged (or credited) to this account for any month shall be concurrently credited (or debited) to the reserve account No. 874, "Accrued Amortization of Capital". When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. 8100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the reserve account "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit". Where capital is substantially continuous, such as track, and can not be satisfactorily individualized, the capital shall be kept in efficient operating condition through repair, and the renewals and replacements of parts thereof shall be considered repairs. In the case of buildings, towers, bridges, trestles, and other separate structures capable of being readily individualized, charges to this account must be sufficient to provide (in respect of such capital, and except as provided in account No. 8100, "Fixed Capital, December 31, 1908,") in the account "Accrued Amortization of Capital" by the time such structures go out of service a reserve equal to the original cost thereof, less salvage, to which account such original cost, less salvage, may be charged.

NORM.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of revenue car-miles. Whatever may be its basis, such rule and a sworn statement of the facts and expert opinions and estimates upon which it is based shall be filed with the Public Service Commission on or before July 1, 1909; each amendment of such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Depreciation of Way and Structures".

II. MAINTENANCE OF EQUIPMENT.

741. SUPERINTENDENCE OF EQUIPMENT.

Charge to this account salaries and office and traveling expenses of officers and their assistants when directly in charge of equipment, including superintendent of equipment, mechanical engineer, electrical engineer, superintendent of rolling stock, master car builder, master mechanic, general foreman, and their office forces.

Charge also to this account the cost of repairing drafting and engineering instruments, and the original cost of such instruments as are not properly capitalized; cost of supplies used by employees whose salaries are charged to this account; office rent, cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

NOTE A.—No portion of expenses of general offices shall be charged to this account.

NOTE B.—When employees enumerated above are engaged in work not chargeable to "Maintenance of Equipment," their salaries and expenses should be charged to the specific work on which engaged.

NOTE C.—When employees enumerated above also have supervision over other departments, their salaries and expenses should be properly apportioned (on the basis of service rendered) between the departments over which they have jurisdiction.

743. REPAIRS OF POWER PLANT EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF FURNACES, BOILERS, AND ACCESSORIES: This head includes the cost of repairing furnaces, boilers, boiler apparatus and accessories, including boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, iron smokestacks, and the specially provided foundations and settings of such boilers and appurtenances; also mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

REPAIRS OF STEAM ENGINES: This head includes the cost of repairing steam engines of the power generating plant, including the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the steam engine and the electric rotor thereon shall be considered a part of the electric equipment.

REPAIRS OF HYDRAULIC POWER PLANT: This head includes the cost of repairing hydraulic structures and apparatus, dams, canals, wheel pits, tail-races, water racks, headgates, wasteways, standpipes, gate house, penstock, water-wheels, wheel cases, wheel governors, wheel gates, wheel valves, relief valves, dredging reservoir and repairs around the same, and filling in or repairing embankments.

REPAIRS OF GAS POWER EQUIPMENT: This head includes the cost of repairing the gas power equipment, including producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfits, seals, specially provided boilers and pumps, gas engines, ignition and compressed air apparatus, piping, holders, and other auxiliary apparatus.

REPAIRS OF POWER PLANT ELECTRIC EQUIPMENT: This head includes the cost of repairing the electric machinery and apparatus of the power generating plant, including dynamos, alternators, generators, rotaries, and other apparatus for generating electric energy; switchboards, station cables, and feeder terminals and wiring in connection with the same; boosters, rheostats, circuit breakers, voltmeters, ammeters and the like, with their foundations and settings.

NOTE.—This head should not include any sub-station equipment.

REPAIRS OF MISCELLANEOUS POWER PLANT EQUIPMENT: This head includes the cost of repairing all miscellaneous equipment of power plants which is not includible under any of the foregoing heads; it includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, cranes, hoists, etc., machine tools and such other tools at power plants as are proper to be capitalized, etc.

REPAIRS OF CABLE POWER EQUIPMENT: This head includes the cost of repairing power plant machinery and apparatus used in connection with the operation of cable or incline railroad cars. Such equipment includes the cables as well as boilers, engines, leading wheels and bearings, etc.

NOTE.—This head should not include any sub-station equipment.

8528. REPAIRS OF SUB-STATION EQUIPMENT.

Charge to this account the cost of repairing sub-station apparatus, including storage batteries, transformers, rotary converters, oil switches, switchboards, and switchboard appliances and wiring in connection with the same.

744. REPAIRS OF CARS AND LOCOMOTIVES.

Charge to this account all matters provided for under the following heads:

REPAIRS OF PASSENGER AND COMBINATION CARS: This head includes the cost of repairing passenger and combination cars.

The term "car" includes body and trucks, and all fixtures and appliances inside of or attached to the car body or trucks, except the electric equipment of the car. The term "combination car" includes all cars that are used in part for carrying passengers.

The cost of shifting trucks of cars from car bodies of this class shall be charged under this head.

REPAIRS OF FREIGHT, EXPRESS, AND MAIL CARS: This head includes the cost of repairing freight, express, and mail cars, from the operation of which revenue is derived.

The cost of shifting trucks of cars from car bodies of this class shall be charged under this head.

REPAIRS OF LOCOMOTIVES: This head includes the cost of repairs of locomotives, which term includes body and trucks, and all fixtures and appliances inside of or attached to the body or trucks, except the electric equipment of locomotives.

The cost of shifting trucks of locomotives from one locomotive to another shall be charged under this head.

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REPAIRS OF SERVICE CARS: This head includes the cost of repairs of service cars, including water cars, sprinkling cars, sand cars, salt cars, supply cars, line cars, snow-plows, sweepers, scrapers, and other work, sand, and snow equipment.

The cost of shifting trucks of cars from car bodies of this class shall be charged under this head.

NOTE A.—Incandescent lamps and other supplies for cars and locomotives should be charged to account No. 805, "Miscellaneous Car Service Employees and Expenses".

NOTE B.—Charges to this account should be made in such wise as to permit their analysis in accordance with the prescribed heads.

749. REPAIRS OF CAR AND LOCOMOTIVE ELECTRIC EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF ELECTRIC EQUIPMENT OF CARS: This head includes the cost of repairing the electric equipment and wiring of all passenger, combination, freight, express, mail, and service cars.

The cost of shifting the electric equipment of cars from one car to another shall be charged under this head.

REPAIRS OF ELECTRIC EQUIPMENT OF LOCOMOTIVES: This head includes the cost of repairing the electric equipment and wiring of locomotives.

The cost of shifting the electric equipment of locomotives from one locomotive to another shall be charged under this head.

NOTE A.—Incandescent lamps and other supplies for cars and locomotives should be charged to account No. 805, "Miscellaneous Car Service Employees and Expenses".

NOTE B.—Charges to this account should be made in such wise as to permit their analysis in accordance with the prescribed heads.

752. MISCELLANEOUS EQUIPMENT EXPENSES.

Charge to this account all matters provided for under the following heads:

REPAIRS OF SHOP MACHINERY AND TOOLS: This head includes the cost of repairing machinery and tools in shops and car houses, such as engines and boilers, shafting and belting; cranes, hoists, jacks, and other equipment used in connection therewith; furnaces, forges, lathes, shapers, drill presses, wheel grinders and wheel presses, planers, etc.

SHOP EXPENSES: This head includes all expenses for heating and lighting repair shops; miscellaneous expenses of such shops, including fuel, water, and ice; oil, grease, waste, and other material used in lubricating shop machinery and tools; cost of supplies and small hand tools used by mechanics, and wages of employees making and repairing same; wages of stationary engineers and firemen, watchmen, sweepers, cleaners, and other unskilled laborers employed in general work in and about shops and shop yards.

REPAIRS OF VEHICLES: This head includes the cost of repairing harness, automobiles, emergency, repair, tower, and other service wagons, sleds, sleighs, omnibuses, and all other vehicles except cars and locomotives.

OTHER MISCELLANEOUS EQUIPMENT EXPENSES: This head includes all expense incurred in connection with the maintenance of equipment not properly chargeable under other heads. Such replacements as are properly treated through the capital accounts shall not be included herein.

757. OTHER OPERATIONS — DR.

Charge to this account the proportion of operating expenses chargeable to Maintenance of Equipment of the street railroad department, but defrayed in the first instance by another coordinate department (such as electric light, heat, power, or gas) within the same corporation.

758. MAINTAINING JOINT EQUIPMENT — DR.

When any equipment is maintained by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance, the portion of such maintenance expense to be met by the accounting corporation shall be charged to this account. The portion so charged may include provision for depreciation of such equipment as well as current outlay for repair, but must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

759. OTHER OPERATIONS — CR.

Credit to this account the proportion of the Maintenance of Equipment expense chargeable to other coördinate departments (such as electric light, power, heat, or gas) within the same company, but delayed in the first instance by the street railroad department.

760. MAINTAINING JOINT EQUIPMENT — CR.

When any equipment is maintained by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance, the portion of such maintenance expense chargeable to such others under the arrangement shall be credited to this account. The portion so credited may include provision for depreciation of such equipment as well as current outlay for repairs, but must not include any allowance for profit or return upon such property.

NORM A.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

NORM B.—In the case of the production of power part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to revenue account No. 468a, "Sale of Power," and on the part of the paying company is to be charged to expense account No. 760, "Power Purchased".

761. DEPRECIATION OF EQUIPMENT.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the month on all equipment of the accounting company, less an amount equal to the sum of the amounts charged for that month to the various repair accounts in Maintenance of Equipment. The amount charged (or credited) to this account for any month shall be concurrently credited (or charged) to the reserve account "Accrued Amortization of Capital," and (with the exception below noted) must be sufficient to provide in that account, in respect of the several items of equipment by the time such items go out of service, a reserve equal to the original cost thereof, less salvage. When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. 8100, "Fixed Capital, December 31, 1908,") the original money cost of such

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capital, less salvage, if any, shall be charged to the account "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit".

NOTE.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of revenue car-miles. Whatever may be its basis, such rule and a sworn statement of the facts and expert opinions and estimates upon which it is based shall be filed with the Public Service Commission on or before July 1, 1909; each amendment of such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Depreciation of Equipment".

III. TRAFFIC.

770. TRAFFIC EXPENSES.

Charge to this account all matters provided for under the following heads:

SUPERINTENDENCE AND SOLICITATION: This head includes salaries and office and traveling expenses of officers and their assistants when directly in charge of traffic, including traffic managers, general freight, express, passenger, and ticket agents, commercial, city, district, and excursion agents, their clerks and assistants; cost of supplies used by employees whose salaries are charged to this account; office rent and cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

NOTE A.—No portion of expenses of general offices shall be charged under this head.

NOTE B.—When employees enumerated above are engaged in work not chargeable to "Traffic," their salaries and expenses should be charged to the specific work on which engaged.

NOTE C.—When employees enumerated above have supervision over other departments also, their salaries and expenses should be apportioned, in accordance with the service rendered, between the departments over which they have jurisdiction.

ADVERTISING: This head includes the salaries and expenses of advertising agents; cost of bill posting, and printing, publishing, and distributing passenger time-tables, folders, notices to shippers, and other advertising matter; advertising in newspapers and periodicals for the purpose of securing traffic; bulletin boards, cards, cases, display cards, photographs, and postage and express charges on advertising matter, and other expenses for advertising.

PARKS AND OTHER ATTRACTIONS: This head includes the expense of operating amusement parks, resorts, and other like attractions maintained and operated for the purpose of inducing travel upon the lines of the accounting corporation; also the cost of repairs of buildings and other property at such parks, etc.

NOTE.—Where any such park or other attraction is maintained primarily for any other purpose than the stimulation of travel upon the lines of the accounting company, it shall be considered an outside operation, and the expenses of such operation and maintenance shall be excluded from street railroad operating expenses.

MISCELLANEOUS TRAFFIC EXPENSES: This head includes expenses of traffic associations, including membership fees, contributions made for the purpose of

securing traffic, and all other traffic expenses not properly chargeable under other heads.

IV. CONDUCTING TRANSPORTATION.

781. SUPERINTENDENCE OF TRANSPORTATION.

Charge to this account salaries and office and traveling expenses of officers and assistants when directly in charge of transportation, including superintendent of power, superintendent of transportation, division superintendents, their assistants and aids; trainmasters, train dispatchers, car starters, inspectors, instructors, and others employed in superintending transportation.

NOTE A.—No portion of the expenses of general offices shall be charged to this account.

NOTE B.—When the employees enumerated above are engaged in work not chargeable to "Conducting Transportation," their salaries and expenses should be charged to the specific work on which engaged. If any such employees have supervision over other departments also, their salaries and expenses should be apportioned, in accordance with the service rendered, between the departments over which they have jurisdiction.

NOTE C.—Cost of secret service inspection should be charged to account No. 805, "Miscellaneous Car Service Employees and Expenses".

Group I: Power.

The accounts below provided in this group are intended to show the principal constituents of the cost of power.

8801. POWER PLANT LABOR.

Charge to this account all matters provided for under the following heads:

a. *Power Plant Superintendence and Care.*—This includes the cost of labor of power plant superintendent and assistants, clerks, janitors, watchmen, elevator men, and that portion of the engineering staff chargeable to the generating plant.

b. *Boiler Room Labor.*—This includes the cost of labor in boiler house and elsewhere in and about the premises having to do with making steam, such as that of the fire room engineer and assistants, water tenders, firemen, coal handlers, ash handlers, boiler cleaners, feed-pump men, etc.

c. *Producer Labor.*—This includes the cost of labor in and about the premises having to do with the production of power gas.

d. *Engine Labor.*—This includes the cost of labor employed in operating prime movers of all kinds, including the chief engineer and his assistants, oilers, wipers, and machinists.

e. *Electrical Labor.*—This includes the cost of labor in connection with the operation of electric apparatus and devices, beginning with the dynamo direct connected or belted to the prime movers, and including the switchboard, feeder terminal board, and to the point where the electric current leaves the station for the transmission or distribution system.

f. *Cable Power Plant Labor.*—This includes the cost of labor employed in connection with the operation of machinery and apparatus used for the propulsion of cable or incline railroad cars.

Corporations desiring to subdivide the account "Power Plant Labor" shall follow the foregoing sub-classification.

8525. SUB-STATION LABOR.

Charge to this account the cost of all labor in power sub-stations except labor employed in making repairs and renewals.

S502. FUEL FOR POWER.

Charge to this account the cost of coal, oil, gas, and other fuel used at power plants, including freight and hauling; also any special expense incurred in removing ashes.

NOTE.—No portion of the cost of boiler room labor shall be charged to this account.

S503. WATER FOR POWER.

Charge to this account the cost of water used to produce steam, to cool gas engines, or to operate water power plant, including pumping, water rents, rent of ponds, streams, and pipe lines; also boiler compounds.

S504. LUBRICANTS FOR POWER.

Charge to this account the cost of lubricants of power plants, including oil, grease, etc.

NOTE.—Lubricants for sub-stations should be charged to account No. S526, "Sub-station Supplies and Expenses".

S505. MISCELLANEOUS POWER PLANT SUPPLIES AND EXPENSES.

Charge to this account the cost of waste, carbon brushes, fuses, lamps, and other supplies and expenses of power plants not includible in any of the foregoing accounts.

S526. SUB-STATION SUPPLIES AND EXPENSES.

Charge to this account the cost of lubricants, waste, carbon brushes, fuses, lamps, water, and other supplies and expenses of sub-stations.

785a. HORSE POWER — REVENUE CAR SERVICE.

This account is to be kept only by corporations that maintain stables in connection with the operation of horse cars for passenger transportation. Other stable expenses are chargeable to account No. S851, "Stable Expenses".

Charge to this account the matters provided for under the following heads:

a. *Wages of Stablemen.*—This includes the wages of feeders, hostlers, hitchers, and other stable help employed in connection with horses used for the operation of revenue cars.

b. *Provender.*—This includes the cost of corn, hay, meal, oats, and other provender used for feeding horses devoted to the operation of revenue cars.

c. *Horseshoeing.*—This includes the expense of shoeing horses used in the operation of revenue cars.

d. *Harness and Other Horse Equipment.*—This includes the cost of harness and other equipment for horses used in the operation of revenue cars.

e. *Stable Supplies and Expenses.*—This includes the cost of heat and light and expenses not otherwise provided for in connection with the stabling of horses used in the operation of revenue cars, including such items as bedding, fire buckets and extinguishers, hose, ice, removal of manure, medicine and veterinary expense.

786. POWER PURCHASED.

Charge to this account all expenses for power bought from other companies. This does not include power produced under any joint arrangement, for which see accounts Nos. 727, 758, 787, and 844, "Joint Way and Structures — Dr.," "Maintaining Joint Equipment — Dr.," "Jointly Produced Power — Dr.," and "Joint General Expense — Dr."

787. JOINTLY PRODUCED POWER — DR.

When power is produced by another person or corporation for the joint benefit of the accounting corporation and others under an arrangement for sharing (on the basis of the relative amounts of benefit to the several participants) the expense of production (as distinguished from maintenance), the portion of such expense to be met by the accounting corporation shall be charged to this account. The portion so charged must not include any allowance for profit or return upon the value of the property used in such production.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465b, 465c, and 466b, "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

788. POWER EXCHANGED — BALANCE.

If a company actually exchanges power with another company, it shall charge to this account the value of the power received from the other company and credit to this account the value of the power it delivers to the other company, and the amount shown as an operating expense shall be the net debit or credit balance.

789. OTHER OPERATIONS — DR.

Charge to this account the proportion of operating expenses chargeable to Conducting Transportation, but defrayed in the first instance by another coordinate department (such as electric light, heat, power, or gas) within the same corporation.

790. OTHER OPERATIONS — CR.

Credit to this account the proportion of the Conducting Transportation expense chargeable to other coordinate departments of the accounting corporation, but defrayed in the first instance by the street railroad department.

791. JOINTLY PRODUCED POWER — CR.

When any power is produced by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the expense of production, the portion of such expense assignable to Conducting Transportation chargeable to such others under the arrangement shall be credited to this account. If the arrangement provides for a return upon capital in addition to the proportion of the operating expenses, such return upon capital shall not be included in this account, but shall be credited to revenue account No. 466b, "Joint Electric Power Revenue".

Group II: Operation of Cars.

802. PASSENGER MOTORMEN, CONDUCTORS, AND TRAINMEN.

Charge to this account all matters provided for under the following heads:

PASSENGER MOTORMEN: This head includes the wages of motormen engaged in passenger service.

PASSENGER CONDUCTORS: This head includes the wages of conductors engaged in passenger service.

HORSE CAR DRIVERS: This head includes the wages of drivers of revenue horse cars.

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OTHER PASSENGER TRAINMEN: This head includes the wages of guards, brakemen, ticket collectors, student motormen, and other passenger trainmen while engaged in passenger service.

NOTE.—Charges to this account will be required to be analyzed in the annual reports of the corporation to the Public Service Commission in accordance with the prescribed heads.

803. FREIGHT AND EXPRESS MOTORMEN AND OTHER TRAINMEN.

Charge to this account the wages of conductors, motormen, and other trainmen while engaged in freight, express, and mail service.

805. MISCELLANEOUS CAR SERVICE EMPLOYEES AND EXPENSES.

Charge to this account all matters provided for under the following heads:

MISCELLANEOUS CAR SERVICE EMPLOYEES: This head includes the wages of transfer agents, switch tenders, switchmen, flagmen, watchmen, trail-car couplers, bridge tenders, and other miscellaneous car service employees.

MISCELLANEOUS CAR SERVICE EXPENSES: This head includes all expenses for lubricants and waste for cars and electric equipment of cars; incandescent lamps, oil, and other supplies for lighting cars; supplies for cleaning cars; fuel for heating cars; tools and other materials and supplies, except such as are used for repairs or renewals of cars or electric equipment of cars; cost of tickets, transfers, and baggage checks; secret inspection; conductors' books; punches; portable registers; tools for motormen; car service employees' badges and uniforms, and all other car service supplies and expenses.

808. STATION EMPLOYEES AND EXPENSES.

Charge to this account all matters provided for under the following heads:

STATION EMPLOYEES: This head includes the wages of stationmaster, freight, express, ticket, baggage, and other station agents; announcers; station gate-men; choppersmen; platform men; janitors, porters, watchmen, and other station employees; warehousemen; freight house foremen; truckmen, checkmen, and other express and freight house employees.

STATION EXPENSES: This head includes all expenses for heating and lighting stations, waiting rooms, freight houses, and other station buildings; furniture; tools, and implements for handling freight and baggage; station employees' uniforms and badges; water, ice, and all other passenger and freight station expenses.

811. CAR HOUSE EMPLOYEES AND EXPENSES.

Charge to this account all matters provided for under the following heads:

CAR HOUSE EMPLOYEES: This head includes the wages of car house foremen, watchmen, car placers, car shifters; car, motor, and brake inspectors; car cleaners, lamp and headlight tenders, car oilers, car-stove firemen, trolley oilers, and other car house employees not engaged in making repairs or renewals.

NOTE.—The cost of labor used in shifting trucks and electric equipment should not be charged to this account, but to accounts Nos. 744 or 749, "Repairs of Cars and Locomotives," or "Repairs of Car and Locomotive Electric Equipment".

CAR HOUSE EXPENSES: This head includes the cost of fuel, light, water, ice, and all other car house supplies and expenses.

814. OPERATION OF SIGNAL AND TELEPHONE SYSTEMS.

Charge to this account all matters provided for under the following heads:

OPERATION OF SIGNAL AND INTERLOCKING SYSTEMS: This head includes the

wages of employees engaged in operating signal and interlocking systems covering the movement of cars, such as towermen, signalmen, levermen, and lampmen; cost of supplies used in operating signal and interlocking systems; cost of fuel, water, light, and supplies for signal offices; also rent of appliances for signal and interlocking systems.

OPERATION OF TELEPHONE AND TELEGRAPH SYSTEMS: This head includes the wages of telephone and telegraph operators; cost of chemicals and other supplies for telephone and telegraph service; payments for use of telephone and telegraph lines, and other telephone and telegraph expenses in connection with transportation.

NOTE A.—Repairs and renewals of telephone and telegraph systems should not be charged to this account, but to account No. 715, "Other Repairs of Way," under the head of "Telephone and Telegraph Repairs".

NOTE B.—The cost of telephone service for general purposes should be charged to account No. 8887, "Miscellaneous General Expenses".

NOTE C.—Charges to this account will be required to be analyzed in the annual report of the corporation to the Public Service Commission in accordance with the heads above prescribed.

817. EXPRESS AND FREIGHT COLLECTIONS AND DELIVERY.

Charge to this account the wages of drivers and helpers employed on wagons which are used for the collection and delivery of express matter; amounts paid for handling express matter in wagons or other vehicles, and other expenses incident to the collection and delivery of express matter not includible in accounts No. 752, "Miscellaneous Equipment Expenses," and No. 8851, "Stable Expenses".

818. LOSS AND DAMAGE.

Charge to this account all expenses for loss, damage, delays, and destruction of freight, express, and baggage entrusted to the carrier for transportation, and all expenses directly incident thereto.

819. OTHER TRANSPORTATION EXPENSES.

Charge to this account the cost of getting derailed cars on track and removing obstructions and wreckage, and all other expenses in connection with Conducting Transportation not properly chargeable to other accounts.

820. JOINT OPERATION OF CARS—DR.

When any rolling stock is operated by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the expense thereof assignable to Conducting Transportation, the portion of such expenses to be met by the accounting corporation shall be charged to this account. The portion so charged must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 465d, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

821. JOINT OPERATION OF CARS—CR.

When any rolling stock is operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the expense thereof assignable to Conducting Transportation, the portion of such

expense chargeable to such others under the arrangement shall be credited to this account. The portion so credited must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

V. GENERAL AND MISCELLANEOUS.

8832. GENERAL OFFICERS AND GENERAL OFFICE CLERKS.

Charge to this account all matters provided for under the following heads:

SALARIES AND EXPENSES OF GENERAL OFFICERS: This head includes the salaries and traveling and incidental expenses of the chairman of the board, president, vice-president, treasurer, secretary, comptroller, auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system, and whose services can not be satisfactorily allocated to the several departments; also fees, salaries, and expenses of receivers.

SALARIES AND EXPENSES OF GENERAL OFFICE CLERKS: This head includes the salaries and traveling and incidental expenses of traveling auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, tickets, and transfers, and all other clerks employed in the general office.

8835. GENERAL OFFICE SUPPLIES AND EXPENSES.

Charge to this account the cost of office supplies, repairs of office furniture and renewals of such furniture as has not been capitalized; wages of janitors, porters, and messengers; rent of rooms in office buildings, repairs of such rented rooms, and all other miscellaneous expenses of general offices. Office expenses of departmental officers must be charged to the proper departmental accounts.

NORM.—Rents charged to this account will be required to be reported separately.

8836. GENERAL LAW EXPENSES.

Charge to this account all law expenses except those incurred in the defense and settlement of damage claims. This includes salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

NORM.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense and settlement of damage suits and partly in other legal work, should be properly apportioned between this account and account No. 8847b, "Law Expenses Connected with Damages".

8837. MISCELLANEOUS GENERAL EXPENSES.

Charge to this account the cost of telephone service, telegrams, and other miscellaneous expenses connected with the general management not otherwise provided for.

8838. INSURANCE.

Charge to this account premiums paid to insurance companies for fire,

fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

NOTE.—In their reports to the Public Service Commission, carriers will be required to report the charges made to this account for the various kinds of insurance, and for self-insurance.

S839. RELIEF DEPARTMENT AND PENSIONS.

Charge to this account all matters provided for under the following heads:

RELIEF DEPARTMENT EXPENSES: This head includes all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

PENSIONS: This head includes all pensions paid to retired employees, and expenses in connection therewith.

S842. GENERAL AMORTIZATION.

Charge to this account at the close of each fiscal period and credit to the account "Accrued Amortization of Capital" such amount as is attributable to the period in respect of amortization of intangible capital not assignable to Maintenance of Way and Structures or to Maintenance of Equipment. This includes such matters as amortization of limited franchises, amortization of organization, etc.

S843. OTHER OPERATIONS — Dr.

Charge to this account the proportion of general expense chargeable to the street railroad department, but defrayed in the first instance by another coördinate department (such as electric light, heat, power, or gas) within the same corporation.

S844. JOINT GENERAL EXPENSE — Dr.

When any road or equipment is maintained or operated by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the general expenses, the portion of such expenses to be met by the accounting corporation shall be charged to this account. The portion so charged must not include any allowance for profit or return upon the value of such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

S845. OTHER OPERATIONS — Cr.

Credit to this account the proportion of general expenses chargeable to other coördinate departments (such as electric light, heat, power, or gas) within the same corporation, but defrayed in the first instance by the street railroad department.

S846. JOINT GENERAL EXPENSES — Cr.

When any road or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the general expenses, the portion of such expenses chargeable to others under the arrangement shall be credited to this account. The portion so credited must not include any allowance for profit or return upon the value of such property.

NOTE A.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Termi-

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nals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

NOTE B.—In the case of the production of power part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to revenue account No. 466a, "Sale of Power," and on the part of the paying company is to be charged to the expense account No. 786, "Power Purchased".

S847a. ACCIDENTS AND DAMAGES.

Charge to this account all expenses (other than law expenses provided for in the succeeding account) on account of persons killed or injured and property damaged in connection with the operation of the road, as enumerated under the following heads, which must be separately shown in annual reports to the Public Service Commission:

a. *Claim Department Expenses*: This head includes salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

b. *Medical Expenses*: This head includes salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

c. *Injuries to Employees*: This head includes amounts paid in settlement of claims of employees for injuries arising in the course of their employment; also wages paid to disabled employees while off duty.

d. *Other Personal Injuries and Property Damages*: This head includes amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the road; also amounts paid in settlement of claims for damage to horses, vehicles, and other property not owned by the accounting corporation and not in its possession for purposes of transportation.

e. *Other Accident Expenses*.

NOTE A.—Expenses incurred in connection with the settlement of claims for loss, damage, or delay of goods entrusted for transportation are chargeable to account No. 818, "Loss and Damage".

NOTE B.—If it is desired that the charge to operating expenses on account of injuries and damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 881, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

S847b. LAW EXPENSES CONNECTED WITH DAMAGES.

Charge to this account all law expenses in connection with the defense or settlement of damage claims, including—

a. *Salaries and Expenses of Attorneys*: A proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work.

b. *Court Costs and Expenses*: Fees of court stenographers, expenses connected with taking depositions, and other court expenses.

c. *Law Printing*: Cost of law books, and cost of printing briefs, court records, and similar papers.

NOTE A.—In their annual reports to the Public Service Commission, corporations will be required to classify the charges to this account under the three heads, (a), (b), and (c), above given.

NORM B.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account No. 8836, "General Law Expenses".

NORM C.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 881, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

S848. GENERAL STATIONERY AND PRINTING.

Charge to this account all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing tickets, transfers, and baggage checks shall be charged to account No. 805, "Miscellaneous Car Service Employees and Expenses".

The cost of printing briefs and other legal papers shall be charged to account No. 8836, "General Law Expenses," or No. S847b, "Law Expenses Connected with Damages," in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter shall be charged to account No. 770, "Traffic Expenses".

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized shall, if for use in general offices, be charged to account No. 8835, "General Office Supplies and Expenses"; or if for the use of departmental officers, to the proper departmental accounts.

S850. STORE EXPENSES.

Charge to this account all salaries and expenses in connection with storerooms, including cost of sending material and supplies from general storerooms to branch storerooms, and the collection of scrap material.

S851. STABLE EXPENSES.

Charge to this account the cost of feed, keep, and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses not used in the operation of revenue cars.

NORM.—The cost of horses purchased to replace others should be charged to account No. 205, "Miscellaneous Equipment". Repairs of harness and vehicles should be charged to account No. 752, "Miscellaneous Equipment Expenses".

S852. UNDISTRIBUTED ADJUSTMENTS — BALANCE.

At least once a year an inventory of materials and supplies shall be taken, and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account in case it can not be assigned to a specific account. Credit to this account all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NORM.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to account No. S285, "Miscellaneous Construction Expenditures".

17. Expenses of Outside Operations.—The detailed expense accounts for other than street railroad operations will be elsewhere provided for.

18. Tax accounts.—An account shall be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-

operating revenues. Each tax account shall be appropriately entitled (as e. g., "Taxes Assignable to Street Railroad Operations," "Taxes Assignable to Non-operating Revenues," etc.), and shall be so kept as to show separately the following:

State Franchise Tax on Capital Stock,
State Franchise Tax on Gross Earnings,
Special Franchise Tax,
Taxes on Land (exclusive of improvements),
Taxes on Improvements on Lands,
Taxes on Personal Property,
Other Taxes (showing in detail).

To each tax account there shall be charged monthly the amount of taxes accruing during the month, and such amount shall be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any month shall, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter shall be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be \$600 for the year, the monthly charge on account of such tax should be \$50 until the amount of the levy becomes known. If during, say the fifth month, it is found that the levy for the year is \$640, there will already have been charged up four months at \$50 per month, leaving \$440 to be charged during the remainder of the year, or \$55 for the fifth month and each month thereafter during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Public Service Commission.

19. **Definitions of Non-operating Revenue accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

S901c. RENTS ACCRUED FROM LEASE OF ROAD.

Credit to this account monthly as they accrue all revenues flowing to the corporation from its interests in road or equipment held by others under some form of lease whereby it surrenders possession of such property. This account contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts nor to any of its expense accounts.

S901d. MISCELLANEOUS RENT REVENUES.

Credit to this account monthly as they accrue all miscellaneous rent revenues flowing to the corporation as a return upon leased property other than road and equipment. Such revenues shall be classified as follows:

Leasehold Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease the entire

term of which is greater than one year. This contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts nor to any of its expense accounts.

Other Rent Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease or contract for a term not to exceed one year from the beginning of the term, or held at will or upon sufferance. This account contemplates that the taxes on property of this character shall be paid by the landlord and charged to the appropriate tax account. If under the contract covering the holding for terms of one year or less, or at will, the taxes are to be paid by the tenant, the amount of such taxes shall be credited month by month to this account as they accrue, and shall correspondingly be charged to the tax account covering taxes on property of this character.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

902. INTEREST REVENUES.

Credit to this account monthly as it accrues all—

Interest from Bound Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing bound investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Free Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Other Sources: That is to say, all interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the two foregoing heads, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

903. DIVIDEND REVENUES.

Credit to this account at their cash value and as of the date when collectible, all—

Dividends on Bound Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its bound investments.

Dividends on Free Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its free investments.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

904. PROFITS FROM OPERATIONS OF OTHERS.

Whenever, in accordance with the terms of any contract, the corporation is entitled to participate in the profits resulting from the operations of others,

all revenues accruing to the corporation from such source shall be credited to this account.

NOTE.— This account does not include any dividends on stocks. Such dividends should be credited to account No. 903, "Dividend Revenues".

905. MISCELLANEOUS NON-OPERATING REVENUES.

To this account shall be credited all non-operating revenues accruing to the corporation and not provided for in any of the foregoing accounts.

20. Definition of Non-operating Revenue Deductions account.— To an account entitled "Non-operating Revenue Deductions" shall be charged all matters provided for under the following sub-accounts:

a. RENT EXPENSE: This sub-account includes all matters provided for under the following two heads:

Leasehold Expense: That is to say, all expense arising in connection with the procuring of revenues from leaseholds having terms greater than one year, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such leaseholds. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This head includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as reparable wear and tear. It does not include taxes.

Other Rent Expense: This head is analogous to the preceding head "Leasehold Expense," and differs from that only in that this provides for expense in connection with property let for a term of one year or less.

b. INTEREST EXPENSE: This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

c. DIVIDEND EXPENSE: This sub-account includes all expenses arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

d. OTHERS' OPERATIONS EXPENSE: This sub-account includes the cost of negotiating contracts whereunder the corporation is to participate in profits resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

e. MISCELLANEOUS NON-OPERATING EXPENSE: This sub-account includes all non-operating expense (as hereinbefore defined) which is not provided for in the foregoing sub-accounts.

f. NON-OPERATING TAXES: This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

g. UNCOLLECTIBLE NON-OPERATING REVENUES: When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof

shall be credited to the account in which theretofore charged, and charged to the account "Non-operating Revenue Deductions" under the head of "Uncollectible Non-operating Revenues".

NOTE.—In annual reports to the Public Service Commission this account will be required to be fully analyzed.

21. Income Deductions.—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by the operating expenses, the taxes, and the uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly for the non-operating revenues, the non-operating expenses, and the non-operating taxes.

The aggregate of the incomes from the several operations and the non-operating income is the gross income applicable to corporate and leased properties. As has before been said, the gross income is, in the usual case, subject to various compulsory deductions, and these are hereinafter called *Income Deductions*.

22. Definitions of Income Deduction accounts.—In the following definitions the letters and numbers prefixed to the titles of the several accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

921. INTEREST DEDUCTIONS.

Charge to this account monthly (or as otherwise below directed) all matters provided for under the following five heads:

Absolute Interest Accrued on Funded Debt: This head includes all interest accruing absolutely on the outstanding funded debt of the corporation.

Contingent Interest Accrued on Funded Debt: This head includes, when the contingency occurs, all interest accruing contingently on the outstanding funded debt of the corporation. This includes such matters as interest on income bonds.

Interest Accrued on Receiver's Certificates: This head includes all interest accruing on receiver's certificates which are liens upon the property of the corporation or any part of it.

Interest Accrued on Other Unfunded Debt: This head includes all interest accruing on all unfunded debt of the corporation except receiver's certificates.

Interest Accrued on Debenture Stocks: This head includes all interest accruing on the outstanding debenture stocks of the corporation.

Entries in the account "Interest Deductions" must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

922c. RENT FOR LEASE OF OTHER ROAD AND EQUIPMENT.

Charge to this account monthly all amounts accrued against the accounting corporation for rent of road and equipment which it holds under some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such road and equipment shall be charged, not to this account, but to the appropriate Taxes account. If such taxes are (under the contract of lease) payable by the lessor or reversioner, they shall be credited to this account and charged to the appropriate Taxes account. Such taxes, when paid by the lessor or reversioner, shall be charged to its rent revenue account and not to its Taxes account, to the end that

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taxes upon such road and equipment shall be reported by the corporation in possession.

922. OTHER RENT DEDUCTIONS.

Charge to this account the matters provided for in the following sub-accounts:

d. TRACK AND TERMINAL PRIVILEGES: This sub-account includes all payments to other companies for rent or use of their tracks and terminals (including terminal facilities) when on the basis of a fixed charge per month or per year, regardless of the expense of operation and maintenance of such tracks and terminals, or when on the basis of a fixed charge per car-mile, per passenger-mile, per car, per passenger, or other unit of like character.

NOTE.—Where the charge is based on a proportion of operating expenses and upon the value or cost of the property of the creditor company, the operating expense portion shall be charged to the appropriate operating expense accounts, and the return on the value or cost of the property shall be charged to the sub-account "Joint Facility Rents". (See paragraph *f* below.)

e. HIRE OF EQUIPMENT: This sub-account includes all sums chargeable to the accounting corporation for the use of equipment of other carriers while temporarily on its lines, where the contract provides for a charge not dependent on the expense of operating and maintaining such equipment.

f. JOINT FACILITY RENTS: Where any way, structure, or equipment is maintained or operated by another carrier or company for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such way, structure, or equipment, over and above depreciation and other expense of maintenance and operation, such pure rent, or profit, or return upon property shall be charged to this sub-account.

NOTE.—This should be read in connection with revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

g. MISCELLANEOUS RENT DEDUCTIONS: This sub-account includes all miscellaneous rents payable not elsewhere provided for.

NOTE A.—Rents for furnished offices (and for office rooms in office buildings heated and lighted by the landlord) should not be charged to this account, but to the appropriate expense account.

NOTE B.—Entries in this account must be made in such wise as to permit an analysis in the annual report of the corporation in accordance with the sub-accounts above defined.

923. SINKING FUND ACCRUALS.

Charge to this account month by month all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

924. GUARANTIES OF PERIODIC PAYMENTS.

Charge to this account all unsecured accruals of obligations arising under contracts whereby the corporation has guaranteed the annual or more frequent periodic payment of money or performance of other obligation on the

part of another corporation or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This account does not include such matters as guaranties of payment of principal of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the unsecured portion thereof shall be charged to this account.

925. LOSS ON OPERATIONS OF OTHERS.

Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged to this account.

926. OTHER CONTRACTUAL DEDUCTIONS FROM INCOME.

Charge to this account month by month all contractual liabilities arising from annual or other more frequent periodic matters and not includible in any of the foregoing accounts. This account includes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

927. AMORTIZATION OF LANDED CAPITAL.

Charge to this account at the close of any fiscal period such proportion of the original money cost (estimated if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account shall be concurrently credited to account No. 374, "Accrued Amortization of Capital".

NOTE B.—When any landed capital expires or is otherwise retired from service (as e. g., through sale), the capital account or other indicant account (if any) originally charged therewith shall be credited with the amount originally charged, the account "Accrued Amortization of Capital" shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

928. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE.

Charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to account No. 939, "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

929. AMORTIZATION OF PREMIUM ON DEBT — CR.

Credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the

maturity of any debt will completely amortize or wipe out the premium at which such debt was issued, and may at the option of the corporation be effected by crediting all or any portion of such premium to account No. 931b, "Other Additions to Surplus," only upon the maturity of the debt.

23. Appropriations.—The balance resulting from closing the foregoing Income Deduction accounts for any fiscal period into Gross Income for that period gives the Net Corporate Income for the period. The net corporate income being of the same nature as the corporate surplus shall be closed into the "Corporate Surplus or Deficit" account. The group of accounts which show for any fiscal period the changes in the "Corporate Surplus or Deficit" account are designated the "Appropriation" accounts, for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period each of the "Appropriation" accounts shall be closed into the "Corporate Surplus or Deficit" account.

24. Definitions of Appropriation accounts.—In the following definitions of the Appropriation accounts the letters and numbers prefixed to the titles of the accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

931a. BAD DEBTS COLLECTED.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

931b. OTHER ADDITIONS TO SURPLUS.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

932. EXPENSES ELSEWHERE UNPROVIDED FOR.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc.; fines levied on directors, officers, and other employees and assumed by the corporation; donations to funds, to churches, and other associations, and other like expenses and outgoes.

933. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall thereupon be charged to this account. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

934. AMORTIZATION ELSEWHERE UNPROVIDED FOR.

Charge to this account such amortization as is not elsewhere provided for. This account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

935. APPROPRIATIONS TO RESERVES.

Charge to this account all optional appropriations to reserves.

936. GIFTS TO CONTROLLED CORPORATIONS.

Charge to this account all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

937. OTHER APPROPRIATIONS.

Charge to this account all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

938. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as have been provided for in the heretofore defined "Uncollectible Bills" account must not be included in this account.

939. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

SCHEDULE C.

CLASSIFICATION OF CAR-MILES, CAR SEAT-MILES, AND CAR-HOURS.

1. **Definitions of Car-miles and Car Seat-miles accounts.**— In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

Y1. PASSENGER CAR-MILES — ACTIVE.

This account includes miles run by revenue earning cars for the transportation of passengers (including combination passenger and baggage, mail or express cars) between the termini of regular routes or over portions of such routes.

The record of passenger car-miles — active, shall be kept for each car route, and shall show for each route the length of the route in miles and hundredths of a mile, and for each day the number of cars operated full time, the number of trippers, and the number of trips. The cars shall be divided into classes according to their seating capacities, and the seating capacity of each class multiplied into the number of miles run by that class on the particular route, the resultant being the "seat-miles" on each such route for a given day.

Y2. PASSENGER CAR-MILES — IDLE.

This account includes miles run by revenue earning passenger cars (or combination passenger and baggage, mail or express cars) between the car house and the initial route terminal. This record shall be kept for each car house.

Y3. SPECIAL PASSENGER CAR-MILES.

This account includes miles run by chartered passenger cars over regular or special routes, reckoning from the time such cars leave the car house until they complete the trip.

Y4. MAIL CAR-MILES.

This account includes miles run by cars to transport mail, when not carrying passengers, reckoning from the time such cars leave the car house.

NOTE.— This account must not include any miles run by combination cars for the purpose of carrying passengers, even though such cars also carry mail. Miles run by such cars are provided for in accounts Nos. Y1 and Y2, "Passenger Car-miles—Active," and "Passenger Car-miles—Idle".

Y5. EXPRESS CAR-MILES.

This account includes miles run by cars in the express service, reckoning from the time such cars leave the car house. The account shall show the number of miles run under load and miles run empty.

Y6. FREIGHT CAR-MILES.

This account includes all miles run by cars in freight service, loaded and empty car-miles being separately recorded.

Y7. MIXED CAR-MILES.

This account includes all miles run by combination mail, express, and freight cars, shown separately for loaded and empty cars.

Y8. NON-REVENUE CAR-MILES.

This account includes miles run by company service cars, including work cars, sand cars, sprinklers, snow-plows, sweepers, wrecking cars, etc.

Y9. ELECTRIC LOCOMOTIVE-MILES.

This account includes all miles run by electric locomotives, whether revenue or non-revenue, or loaded or light.

2. Classification of Car-hours.—A record of the time that cars are in service shall be kept for the following classes of cars, corresponding to the classification of car-miles:

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UNIFORM SYSTEM OF ACCOUNTS

AS ESTABLISHED FOR ELECTRICAL RAILROAD CORPORATIONS AND
STREET RAILROAD CORPORATIONS WITH ANNUAL GROSS OPER-
ATING REVENUES BELOW \$100,000.

ADOPTED DECEMBER 2, 1908; EFFECTIVE JANUARY 1, 1909.

STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION, SECOND DISTRICT.
At a session of the Public Service Commission, Second
District, held at the Capitol, Albany, on the 2d
day of December, 1908.

Present:

FRANK W. STEVENS, Chairman,
THOMAS M. OSBORNE,
MARTIN S. DECKER,
JAMES E. SAGUE,
JOHN B. OLMPED,
Commissioners.

Ordered: That, except as hereinafter provided:

1. On and after January 1, 1909, every electric railroad corporation whose revenues from street railroad operations as defined in the hereto annexed schedule marked "Schedule A" were during the year ended June 30, 1908, below the sum of one hundred thousand dollars (\$100,000), every street railroad corporation whose revenues from street railroad operations as thus defined were during the said year below the sum of one hundred thousand dollars (\$100,000), every electric railroad corporation not engaged in operation, and every street railroad corporation not engaged in operation, shall keep upon its books the accounts prescribed or defined in the said "Schedule A", so far as the said accounts are pertinent to the facts and circumstances of the said corporation. By an electric railroad corporation as herein used is meant a railroad corporation (as defined in the Public Service Commissions Law) having title of any character to a railroad (as defined in the said Law) upon which electric energy is used as the principal power for the propulsion of cars. The term street railroad corporation is used herein in the sense defined in the Public Service Commissions Law.

2. On and after the date of service of this order on any such electric railroad corporation, and on any such street railroad corporation, such corporation shall not charge to any account representing cost of property any discount or commission on securities issued by the said corporation, but shall charge all such discounts, commissions, and other expense connected with the issue of securities subsequent to the said date of service, in accordance with the directions contained in the definitions of the account named Organization, and the account named Unamortized Debt Discount and Expense, in the said "Schedule A".

3. On and after July 1, 1909, every such electric railroad corporation and every such street railroad corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule B", so far as the same are pertinent to the facts and circumstances of the said corporation.

4. During the year beginning July 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun July 1, 1908; provided that on or before January 1, 1909,

there be filed with the Public Service Commission a statement containing a list of the said accounts pertaining to the year begun July 1, 1908, and definitions of such accounts. Where any such account kept during the year begun July 1, 1908, is kept strictly in conformity with the "Standard System of Street Railway Accounting," as recommended by the Board of Railroad Commissioners under date of April 10, 1900, a statement of that fact in connection with the name of such account will serve as a sufficient definition of the said account.

5. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary, experimental, or divisional account, the said corporation shall file with the Public Service Commission, at least ten days in advance of the time when the said account is to be instituted, a statement showing the name of the said account, the date when it is to be instituted, the purpose for which it is to be kept, the period of time during which it is to be kept, and a clear and accurate definition of the classes of items and facts to be contained in the said account; and in case of a divisional account, the definition of the division covered. Upon compliance with the provisions of this paragraph, any account herein prescribed or defined in either said "Schedule A" or said "Schedule B" may be subdivided.

6. On and after July 1, 1909, each said corporation engaged in the operation of any railroad whereon electric energy is used as the principal power for the propulsion of cars, or engaged in the operation of any street railroad, shall keep on its books the statistical accounts prescribed or defined in the hereto annexed schedule marked "Schedule C".

7. All notices herein required to be filed concerning accounts shall be upon sheets 8½ inches by 12 inches in size, and shall be entitled in the name of the corporation filing said notices, followed by a brief statement of the character of the accounts covered by the notice.

SCHEDULE A.

BALANCE SHEET OR INDICANT ACCOUNTS.

1. Street Railroads defined.—The term "street railroads," as hereinafter used, includes all street railroads (as defined in the Public Service Commissions Law) by whatever kind of motive power operated, and all railroads (as defined in the Public Service Commissions Law) operated by means of electric power.

NOTE.—Section 2 of the Public Service Commissions Law provides as follows:

"The term 'street railroad,' when used in this act, includes every railroad by whatsoever power operated, or any extension or extensions, branch or branches thereof, for public use in the conveyance of persons or property for compensation, being mainly upon, along, above or below any street, avenue, road, highway, bridge or public place in any city, village or town, and including all switches, spurs, tracks, right of trackage, subways, tunnels, stations, terminals and terminal facilities of every kind used, operated, controlled or owned by or in connection with any such street railroad; but the said term 'street railroad,' when used in this act, shall not include a railroad constituting or used as part of a trunk line railroad system."

"The term 'railroad,' when used in this act, includes every railroad, other than a street railroad, by whatsoever power operated for public use in the conveyance of persons or property for compensation, with all bridges, ferries, tunnels, switches, spurs, tracks, stations and terminal facilities of every kind used, operated, controlled or owned by or in connection with any such railroad."

2. Accounts to be kept by double-entry method.—All accounts kept by any corporation or person within the scope of the present order shall on and after January 1, 1909, be kept by the double-entry method.

NOTE.—This requirement is not intended to apply to purely statistical accounts.

CAPITAL ACCOUNTS.

3. Capital defined.—As the term is used herein, by *capital* of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. Fixed Capital defined.—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen¹) is called *fixed capital*.

5. Floating Capital defined.—Capital other than fixed capital is called *floating capital*.

6. General Capital and Departmental Capital defined.—Fixed capital is di-

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible thereof.

visible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the use of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

7. **Landed Capital and Non-landed Capital defined.**—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called *non-landed capital*.

8. **Intangible and Tangible Capital distinguished.**—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible property within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses.¹

9. **Further classification of Capital.**—Capital is also divisible into *original capital*, *additions*, *betterments*, and *renewals* and *replacements*, as defined below. Charges to capital accounts shall show these divisions as set forth in paragraph 21, *infra*.

10. **Original Capital defined.**—Original capital is that put into service at the outset of an enterprise.

11. **Additions defined.**—Additions include additional structures, facilities, or equipment not taking the place of anything previously existing.

12. **Betterments defined.**—Betterments include the enlargement or improvement of existing structures, facilities, and equipment.

13. **Renewals defined.**—Renewals include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. **Replacements defined.**—Replacements include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When a substitute has a substantially greater capacity than that for which it is substituted, the cost of substitution of one of the same capacity as the thing replaced should be charged as a replacement, and the remaining portion of the cost of the actual substitute should be charged as a betterment.

15. **Repairs defined.**—When through wear and tear or through casualty it becomes necessary to replace some part of any structure, facility, or unit

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

of equipment, and the extent of such replacement does not amount to a substantial change of identity in such structure, facility, or unit of equipment, the replacement of such part is to be considered a repair, and the cost of such repair is to be treated as an operating expense and must not be charged as a replacement in any capital account.

16. First entries must enable identification.—Throughout all capital accounts, the first entry in respect of any particular thing shall describe it with such particularity as to enable its identification, and shall give it a distinguishing name, number, or other designation by which it shall thereafter be designated in every entry in any capital account which in any way concerns it. In the case of continuous structures like railroad track, or electric line, or pipe line, such structures shall be itemized to the extent that no item shall contain more than one operating division or more than one type of construction, and the entry in relation to any item shall describe the size, weight, type, and other principal physical characteristics of the chief constituent parts, together with their spacing if discontinuous.

17. Costs of new capital to be actual money costs.—All charges made to capital or other accounts on or after January 1, 1909, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

18. Discounts upon securities not to be charged to capital accounts.—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

19. Cost of labor, material, and supplies.—Cost of labor includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of materials and supplies consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

20. Withdrawals or retirements.—When anything is withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

21. Particulars required to be shown in entries.—Every charge made to a capital account on or after January 1, 1909, shall show whether the thing in respect of which the charge is made is original capital, or an addition, a betterment, a renewal, or a replacement. If the thing is a betterment, the entry shall designate the thing enlarged or improved and shall cite by name and page of book or other record the original entry of cost of such thing enlarged or improved. If the thing to which any charge hereafter made relates is a renewal or a replacement, the entry made in respect thereof shall designate the thing renewed or replaced and shall cite by name and page of book or other record the original entry or entries of cost of such thing renewed or replaced. If there is no entry in the accounts of the corporation showing the cost (to the corporation) of the thing bettered, renewed, or replaced, that fact shall be stated in the entry describing the betterment, renewal, or replacement, and the original cost of such thing to the corporation shall be stated. Such cost shall be estimated if not known, and when estimated the basis of such estimation shall be shown.

22. Betterments involving partial destruction of thing bettered.—If any betterment involves the partial destruction or partial reconstruction of the thing bettered, only such portion of the cost of the change shall be charged as a betterment as will when added to the original cost (estimated if not known) of the thing bettered give the cost of reconstruction or replacement of the thing as bettered, and the remainder of the cost of the change (account being taken of any salvage) shall be charged to the appropriate repair account.

E. g., a building, original cost unknown but estimated to be \$15,000, is bettered by the construction of an elevator shaft, and its stairways are modified so as to be fireproof; the actual expenditure for these changes is \$3,000; the estimated cost of replacement of the building (as modified) with one equally serviceable and with an equal expectation of life is \$18,000; the charge to capital account as a betterment should be \$1,000, and the remainder (\$2,000) of the expenditure should be charged to the appropriate repairs account.

23. Road and equipment and other capital purchased.—When any road or other fixed capital in the form of a going or completed plant is purchased, an appraisal of such capital so acquired shall be made, and the different constituent elements of the road (and equipment, if any) or other capital acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence, and inadequacy. If the actual money value of the consideration given for the road or other capital was at the time of the acquisition in excess of such appraised value, the excess shall be charged to the account "Other Intangible Street Railroad Capital," and the appraised values of the constituent elements shall be charged to the appropriate accounts as designated in the following definitions of accounts for expenditures for road and equipment and other fixed capital. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each road or other such fixed capital

purchased, will be required to be made to the Public Service Commission, and the purchaser will be required to procure in connection with the acquisition of any such road or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such road, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

24. **Definitions of Fixed Capital accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

S100. FIXED CAPITAL, DECEMBER 31, 1908.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to street railroad operations as such capital stood at the close of December 31, 1908. Such charges shall be made at the figures at which such capital was carried on the books of the said person or corporation on that date. When any capital included in such account is retired from service, the amount at which it is charged therein shall be credited to this account; the amount of depreciation or other amortization thereon applicable to the period subsequent to June 30, 1909, shall be charged to account No. 374, "Accrued Amortization of Capital," proper account shall be taken of any salvage, and the remainder of the amount originally charged to capital shall be concurrently charged to the Corporate Surplus or Deficit account (or equivalent account carried on the books on June 30, 1909), unless there was carried on the books at that date a reserve to cover retirement of capital from service, in which case the said concurrent charge shall be made to such retirement reserve account. If the amount at which the said capital in service on December 31, 1908, and subsequently retired from service, was included in the said account is not disclosed on the books and records of the accounting person or corporation and is not within the knowledge of such person or corporation or officers or other employees thereof, it shall be estimated, and such estimated amount shall be treated as is above directed for the actual amount, the fact of estimation being stated in the entry.

NOTE.—Corporations will be required to carry as sub-accounts of the account "Fixed Capital, December 31, 1908," the several accounts on their books on that date which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

The following capital accounts are prescribed for transactions subsequent to December 31, 1908:

S111. RIGHT OF WAY.

Charge to this account the cost of all landed capital acquired for roadway; expenses of appraisals, or of juries, commissioners, or arbitrators in condemnation cases; cost of removal of buildings (if upon right of way, and not included in property purchased); commissions paid outside parties for purchase of properties for these purposes; cost of plats, abstracts, notarial fees, recording deeds, etc.; cost of obtaining consents, and payments for abutting damages.

NORM A.—Cost of buildings and other improvements must not be included in this account.

NORM B.—The estimated value of property not required in connection with the operation of the road after completion thereof, but acquired and charged to this account in connection with land needed for right of way, should, upon completion

of the road, be credited to this account and charged to an appropriate property account. Where such property is sold upon or prior to the completion of the road, the proceeds of sale thereof should be credited to this account.

S112. OTHER STREET RAILROAD LAND.

Charge to this account the cost of all landed capital acquired for use directly in connection with the operation of the road, but in excess of and in addition to that actually required for roadway, including all expenses incurred in connection with such acquisition as enumerated in account No. S111, "Right of Way".

NOTE A.—Cost of buildings and other improvements must not be included in this account.

NOTE B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to street railroad operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the appropriate structures account, and excluded from the account "Other Street Railroad Land". If such improvements are not devoted to street railroad operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Other Street Railroad Land". The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Public Service Commission the subdivision of the cost of its land devoted to street railroad operations into the following:

- Land Occupied by Generating Stations.
- Land Occupied by Outside Sub-stations.
- Water Rights.
- Other Land Devoted to Street Railroad Operations.

101. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiation and issue of stock thereunder, shall be classed as additions. Cost of preparing and filing certificates of amendment of articles of incorporation shall be classed as a betterment. Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classed as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

S102. FRANCHISES (STREET RAILROAD).

To this account shall be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof

as the consideration for the grant of such franchise or right" (section 55 of the Public Service Commissions Law) as is necessary to the conduct of the corporation's street railroad operations. If any such franchise is acquired by mesne assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Street Railroad Capital". If any such franchise has a life of *not more than one year after the date when it is placed in service*, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments" if extending beyond the fiscal year.

Payments made to the State or to some political subdivision thereof as a consideration for granting an extension for more than one year of the life period of a franchise shall be classed as renewals. Those made as a consideration for franchises or extensions thereof covering additional territory to be operated as a part of an existing system shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NOTE.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

§103. PATENT-RIGHTS (STREET RAILROAD).

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's street railroad operations. If any such right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent-right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

§104. OTHER INTANGIBLE STREET RAILROAD CAPITAL.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to street railroad operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

181. GRADING.

Charge to this account the cost of grading roadbed, whether excavations or embankments; reconstructing pikes or roads; ditching roadbed; and ditches for waterways. This account shall include the cost of riprap, retaining walls and other masonry for the protection of embankments, cuts, and slopes.

182. BALLAST.

Charge to this account the cost of ballast, whether of broken stone, slag, gravel, or other material specially provided for this purpose; also the cost of loading, hauling, and unloading alongside of track, and of transportation.

183. TIES.

Charge to this account the cost of cross, switch, bridge, and other ties and

railroad crossing timbers laid in main and repair tracks, sidings, and spurs; in tunnels, station, shop and other yards; on wharves, piers, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables. Charge also to this account the cost of transportation, inspection, handling (except final distribution), and any process of preservation.

184a. RAILS, RAIL FASTENINGS, AND JOINTS.

Charge to this account the cost of rails, rail fastenings, and joints in main and repair tracks, sidings, and spurs; in tunnels, stations, shop and other yards; on wharves, piers, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables. Charge also to this account the cost of transportation, inspection, and handling (except final distribution).

184b. SPECIAL WORK.

Charge to this account the cost of special work, including steam and street railroad crossings, crossovers, curves, frogs, runoffs, switches, switchmates, and turnouts. Charge also to this account the cost of transportation, inspection, and handling (except final distribution).

185. UNDERGROUND CONSTRUCTION.

This account is to be used only for railroads operated by an underground electric contact system, and for those operated by cable traction.

Charge to this account the cost of underground construction, including yokes, concrete work, manhole frames and covers, slot rails, drainage pipes, pulleys, sheaves, and other fixtures and appurtenances peculiar to underground electric or cable construction. Charge also to this account the cost of transportation, inspection, and handling (except final distribution).

NOTE.—The cost of track rails, track rail fastenings and joints, and electric contact rails and insulators, and cables of cable railroads, must not be charged to this account.

186. TRACK LAYING AND SURFACING.

Charge to this account the cost of distributing, laying, spacing, and aligning ties; cost of laying, spiking, and jointing rails; surfacing and aligning track; and labor of placing frogs, switches, and special work; cost of track tools; cost of spreading ballast and putting it under track; expenses of distributing track material, and cost of transportation of men, tools, appliances, and outfits used on this work.

187. PAVING.

Charge to this account the cost of labor and material for paving about tracks and special work and crosswalks incident to track construction.

188. ROADWAY TOOLS.

Charge to this account the cost of the first outfit of tools furnished section, bridge, carpenter, and other gangs properly to equip them to protect, maintain, and repair the property when it is opened for the handling of commercial traffic.

189. TUNNELS.

Charge to this account the cost of tunneling, including such timber as may be used; cost of material used and labor expended in the construction of tunnels and transportation subways.

NOTE.—This account does not include cost of the track through such tunnel or subway or cost of surfacing such track.

190. ELEVATED STRUCTURES AND FOUNDATIONS.

Charge to this account the cost of all material used and labor expended in the construction of elevated structures and foundations.

NOTE.—This account is to be used only by elevated railroad companies.

191. BRIDGES, TRETTLES, AND CULVERTS.

Charge to this account the cost of material used and labor (including engineering and superintendence) expended in the construction of bridges and trestles erected to carry tracks over streams, ravines, streets, or other railroads, and culverts, both substructure and superstructure, including transportation. This account shall include the cost of abutments, piers, supports, draw and pier protection; machinery to operate drawbridges; guard-rails, masonry ends and wing-walls for culverts; cost of inspection of bridge material; cost of tests; cost of wing-dams, cribs, or ice-breakers for regulating the current of a stream or breaking up ice jams; also labor and material used in painting the structure.

NOTE.—Any structure carrying tracks of the accounting corporation over other tracks, or over a stream, highway, or canal should be considered a bridge or culvert. The cost of structures carrying other tracks, canals, highways, etc., over the accounting corporation's tracks should be charged to account No. 192, "Crossings, Fences, and Signs".

192. CROSSINGS, FENCES, AND SIGNS.

Charge to this account the cost of material used and labor expended in constructing street, road, and farm crossings at grade; overhead bridges and viaducts; roadways of undergrade foot or wagon crossings; crossing gates and warning signals; cost of drainage and excavations for undergrade crossings; and payments and assessments for street repairs or sewers at crossings where such repairs and sewers permanently benefit the property; right of way fences, snow and sand fences, cattle-guards, wing-fences, aprons, and hedges; mile, section, warning, and other roadway signs.

193. INTERLOCKING AND OTHER SIGNAL APPARATUS.

Charge to this account the cost of material used and labor expended in constructing interlocking and other signal apparatus complete, including apparatus for block signals of all classes.

194. TELEPHONE AND TELEGRAPH LINES.

Charge to this account the cost of material used and labor expended in constructing telephone and telegraph lines, including conduits, poles, cables, and wires specially devoted to telephone and telegraph purposes; telephone and telegraph instruments; labor employed in the construction work; cost of all tools used; and cost of transportation.

\$161. POLES AND FIXTURES.

Charge to this account the cost of poles, cross-arms, and insulator pins; brackets and other pole fixtures; braces and other supports for holding the poles in position; also structures for supporting the overhead electric construction, and all labor expended in connection with the construction of pole lines or structures for carrying the transmission and distribution conductors.

\$162. UNDERGROUND CONDUITS.

Charge to this account all material used and labor expended in building conduits required for underground wires and cables, including manholes, sewer connections, sewer traps, and all material necessary for the completion

of the underground conduit system devoted to the protection of the transmission and distribution conductors.

S163. TRANSMISSION SYSTEM.

Charge to this account the cost of material used and labor expended in constructing the transmission system, including cables, wires, insulators, and insulating material.

NOTE.—In electric railroad operations, when the electric current generated (or received) is changed by means of (a) rotary converters, or (b) motor generator sets, or (c) static transformers (sub-station apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the Transmission System. Tie lines between generating stations and sub-stations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system), including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as Distribution System.

S164. DISTRIBUTION SYSTEM.

Charge to this account the cost of material used and labor expended in constructing the distribution system, including insulators and connections; track bonding, including track bonds, cost of punching and drilling rails for same; overhead trolley lines, including cost of trolley, guard, span, strain, supplemental, and other wires, and all catenary construction used in connection with the overhead trolley system; cost of third rail, braces and supports for same, insulating devices, materials used in covering and protecting the same, and all fixtures and appliances connected with third-rail conductors; cost of underground contact rails and appliances used in the underground contact system, including contact rails, braces, supports, and insulating devices.

NOTE.—For the definition of the distribution system, see the note to the preceding account No. S163, "Transmission System".

S131. DAMS, CANALS, AND PIPE LINES.

Charge to this account the cost of all dams, canals, aqueducts, and pipe lines devoted to the utilization of water power and the delivery of the water to the headgate of the turbine or water-wheel; also that of all wasteways from the outlet of the draft-tube to the point of final discharge. This includes all gates, valves, and other accessories of such dams; also wasteways, sluices, forebays, grids, walls, fences, etc., for the protection of such canals and pipe lines, and all trestles and other supporting structures; also all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines.

S132. POWER PLANT BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for housing power generating plants. This account includes cost of excavations, permanent foundations (including those for machinery and apparatus), drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

S151. SUB-STATION BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for power sub-station purposes, including excavations, permanent foundations (including those for machinery and ap-

paratus), drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

NORM.—No charge should be made to this account in respect of a power plant building, even though such building also contains sub-station apparatus.

§120. GENERAL OFFICE BUILDINGS AND EQUIPMENT.

Charge to this account the cost of material used and labor expended in erecting buildings devoted to general office purposes, the cost of all fixtures permanently attached thereto, and the cost of furniture and other equipment for such buildings; also the cost of architects' plans, and of superintendence of construction.

NORM.—If the land occupied by general office buildings is not a part of right of way and station grounds, its cost should be charged to account No. §112, "Other Street Railroad Land".

195. SHOPS AND CAR HOUSES.

Charge to this account the cost of material used and labor expended in erecting all buildings to be used as shops, car sheds, car houses, oil houses, sand houses, and storehouses; plants for furnishing power for heating and lighting the buildings; preparing grounds before and clearing up same after construction; foundations; painting; sewerage systems; connections with water supply system; architects' fees for drawing plans and supervision of construction; and transportation and incidental expenditures.

196. STATIONS, WAITING ROOMS, AND MISCELLANEOUS BUILDINGS.

Charge to this account the cost of material used and labor expended on stations, waiting rooms, stables, and other miscellaneous buildings, including cost of transportation, station signs, platforms, sidewalks, excavations, foundations, drainage, water, gas and sewer pipes and connections, steam-heating apparatus, stoves, electric light and power fixtures, including wiring for same; grading and putting grounds in order after buildings have been finished; electric bells, elevators, and all other material, furniture, or fixtures used to complete the buildings; wells for water supply of stations; salaries and expenses of architects; also cost of fences, hedges, turnstiles, etc., around station grounds.

NORM.—This account does not include buildings for park and resort purposes, for which see account No. 198, "Park and Resort Properties"; nor does it include any portion of the cost of a power plant building in which a room is used for station or waiting room purposes.

197. DOCKS AND WHARVES.

Charge to this account the cost of material used and labor expended in constructing docks, wharves, ferry or other landings, and inclines to transfer steamers, including dredging.

NORM.—The cost of ground on which docks or wharves are built and of riparian or water-front rights in connection therewith is to be charged to account No. §112, "Other Street Railroad Land".

198. PARK AND RESORT PROPERTIES.

Charge to this account the cost of all property (except land) of the corporation in amusement parks and resorts operated for the purpose of inducing travel. When the contract under which such property is acquired covers both land and improvements and does not determine the cost of the unimproved land as distinct from the improvements, the improvements shall be appraised at their fair cash value, and such value shall be charged to this account; the

remainder of the cost shall be charged to account No. 8112, "Other Street Railroad Land".

8141a. FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in generating electric energy. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine or to the gas producer, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

8141b. STEAM ENGINES.

Charge to this account the cost of all steam engines devoted to the production of electric energy. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), includes the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the steam engine and the electric rotor thereon shall be considered a part of the electric equipment.

8142. TURBINES AND WATER-WHEELS.

Charge to this account the cost of all turbines and water-wheels devoted to the conversion of water power into mechanical power for the production of electric energy. This includes the specially provided foundations and settings of such wheels, also their governors and all other appurtenant apparatus attached thereto from and inclusive of the headgates and governors to (but exclusive of) the wasteway. Where the electric rotor is mounted on (not merely coupled to) the shaft of the wheel, the shaft shall be considered a part of the hydraulic apparatus and the electric rotor thereon shall be considered a part of the electric equipment.

8143. GAS POWER EQUIPMENT.

Charge to this account the cost of equipping plants for the generation of gas power, including producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhaustor outfits, seals, specially provided boilers and pumps, gas engines, ignition and compressed air apparatus, piping, holders, and other auxiliary gas power apparatus.

8144. POWER PLANT ELECTRIC EQUIPMENT.

Charge to this account the cost of equipping power plants with dynamos, alternators, generators, rotaries, and other apparatus for generating electric energy; switchboards, station cables, and feeder terminals and wiring in connection with the same; boosters, rheostats, circuit breakers, voltmeters, ammeters and the like, with their specially provided foundations and settings.

NOTE.—This account should not include any sub-station equipment.

8145. MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of all miscellaneous equipment at power plants which is not includible in any of the foregoing accounts. This includes

such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, cranes, hoists, etc., machine tools and such other tools at power plants as are proper to be capitalized, etc.

NOTE.—This account should not include any sub-station equipment.

S152. SUB-STATION EQUIPMENT.

Charge to this account the cost of all equipment of sub-stations. Such equipment includes not only electric machinery and apparatus, including storage batteries, in sub-stations, but also all other furniture and equipment such as furnaces, boilers, stoves, elevators, etc., permanently assigned to such stations but not affixed to the structures thereof. It does not include laboratory instruments and apparatus not permanently assigned thereto, nor does it include tools only temporarily assigned to such stations.

153. CABLE POWER EQUIPMENT.

Charge to this account the cost of machinery and apparatus for the propulsion of cables used in the operation of cable or incline railroads. This account includes the cost of engines, boilers, shafting, etc.; leading wheels and bearings; and cables used in such operation.

S122b. SHOP EQUIPMENT.

Charge to this account the cost of machinery and tools used in shops or car houses, and cost of loading, unloading, and placing machinery in position, including the cost of specially provided foundations and settings. This account includes the cost of stationary engines and boilers, motors, compressors, shafting, belting, cranes, forges, and other machinery and tools necessary for the equipment of shops.

201. LOCOMOTIVES.

Charge to this account the cost of locomotives, including all appurtenances, electric equipment, furniture, and fixtures necessary to equip them for service.

202. REVENUE CARS.

Charge to this account all expenditures for passenger, baggage, express, freight, mail, and other cars, from the operation of which revenue is derived.

The term "car" includes car body and trucks, and all fixtures or appliances inside of or attached to the car body or truck, except the electric equipment of the car.

203. ELECTRIC EQUIPMENT OF CARS.

Charge to this account all expenditures for electric equipment and wiring of all cars, whether revenue or work cars, including labor, material, tools, freight, hauling of material, and all other expenses incident to the work.

204. OTHER RAIL EQUIPMENT.

Charge to this account all expenditures for water cars, sprinkling cars, sand cars, salt cars, supply cars, and other work cars; snow-plows, sweepers, scrapers, and miscellaneous snow equipment.

205. MISCELLANEOUS EQUIPMENT.

Charge to this account all expenditures for horses, harness, wagons, automobiles, and other vehicles, and equipment not elsewhere provided for.

S281. ENGINEERING AND SUPERINTENDENCE.

Charge to this account all expenditures for services of engineers, drafts-

men, and superintendents employed on preliminary and construction work, and all expenses incident to the work, when such disbursements can not be assigned to specific construction.

NOTE.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged.

S282. LAW EXPENDITURES DURING CONSTRUCTION.

Charge to this account general expenditures of the following nature, incurred in connection with the construction of a road, namely: the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees; and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of the right of way or other land shall be charged to account No. S111, "Right of Way," or account No. S112, "Other Street Railroad Land," according to the character of the land acquired. Law expenditures in connection with the organization of the corporation shall be charged to account No. 101, "Organization".

S283. INJURIES DURING CONSTRUCTION.

Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of road and equipment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payments to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

S284. TAXES DURING CONSTRUCTION.

Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the road is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

S285. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

Charge to this account the salaries and expenses of executive and general officers of a road under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the furniture and office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.—This account shall not include any costs of organization, or any costs

or discounts connected with the issue and disposal of stocks, funded debt, or other securities and commercial paper.

S286. INTEREST DURING CONSTRUCTION.

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account. To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

O110. LAND IN OTHER DEPARTMENTS.

Charge to this account the cost of the corporation's interests in land (exclusive of improvements thereon) devoted to operations other than electric operations, gas operations, railroad operations, and street railroad operations.¹ Such cost includes, *when assumed or when paid by the purchaser in its own behalf*, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired. If, at the time of acquisition of such interest in lands, it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to operations other than the four classes above mentioned and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value, and such appraised value shall be charged to the appropriate accounts and excluded from the account "Land in Other Departments". If such improvements are held as investments, the cost (or appraised value at time of acquisition of title, if the cost to the corporation is not determined in the contract of acquisition) shall be charged to the appropriate investment account. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land in Other Departments".

O102. FRANCHISES IN OTHER DEPARTMENTS.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" as is necessary to the conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O103. PATENT-RIGHTS IN OTHER DEPARTMENTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of

¹ NOTE.—ELECTRIC CAPITAL, GAS CAPITAL, AND RAILROAD CAPITAL.—For the accounts to which shall be charged the cost of capital devoted to electric operations, see the Uniform System of Accounts for Electrical Corporations; for gas operations, see the Uniform System of Accounts for Gas Corporations; and for steam railroad operations, see the Uniform System of Accounts for Expenditures for Road and Equipment, etc., as established for Steam Railroad Corporations by the Public Service Commission.

the corporation's operations other than electric, gas, railroad, and street railroad.

O104. OTHER INTANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of intangible capital devoted to its operations other than electric, gas, railroad, and street railroad, and not includible under any of the foregoing accounts.

O120. TANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of tangible capital devoted to its operations other than electric, gas, railroad, and street railroad.

25. Floating Capital divided into two groups.—Floating capital is divided into two great groups, of which the first is herein called "*Materials and Supplies*," and the second, "*Current Assets*".

26. Definitions of Floating Capital accounts.—In the following definitions the letters and figures prefixed to the titles of the accounts are no part of the titles and are inserted merely for convenience of reference:

S10. MATERIALS AND SUPPLIES.

Charge to this account the cost (including transportation) of all materials and supplies acquired by the corporation, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to account No. S286, "Interest during Construction," or to account No. S852, "Undistributed Adjustments — Balance," according as such materials and supplies are intended for construction or for operation.

The scrap value of things retired from service shall be charged to an appropriate sub-account in this account while such things remain the property of the corporation. If such scrap value is not known and can not readily be determined it shall be estimated, and errors in such estimates when determined shall be adjusted through the accounts involved if during the year in which the estimates were made; if later, then through the "Corporate Surplus or Deficit" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account, and debited or credited to the operating expense account No. S852, "Undistributed Adjustments — Balance," in case they can not be assigned to specific accounts. Shortages may, however, be charged directly to "Corporate Surplus or Deficit". Where such materials and supplies have been used in construction, a suitable proportion of such shortages and overages may be debited or credited to account No. S285, "Miscellaneous Construction Expenditures".

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

1. CASH.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

2. BILLS RECEIVABLE.

Charge to this account the cost of all bills receivable (except as below provided) which are the property of the corporation and upon which solvent concerns are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include investments (for which see below); nor does it include interest coupons.

3. ACCOUNTS RECEIVABLE.

Charge to this account all amounts owing to the corporation upon accounts with solvent concerns (other than banks); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

4. INTEREST AND DIVIDENDS RECEIVABLE.

Whenever the income account is stated the appropriate sub-account therein shall be credited, and this account shall be charged with all accrued but not yet collected interest upon all commercial paper and accounts considered collectible held by or for the benefit of the corporation; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

5. OTHER CURRENT ASSETS.

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

27. Investments defined.—By *Investments*, as here used, are meant all properties acquired not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations at a time when it seems probable that they can not be so advantageously acquired as at the time of actual acquisition. By *bound investments* are meant those held subject to a lien of some character; by *free investments* are meant those held free of all liens.

300. INVESTMENTS.

The cost of the corporation's title to any property held as an investment shall be charged to an account entitled "Investments".

NOTE.—In the annual reports to be made to the Public Service Commission by the corporations and other persons engaged in street railroad operations, invest-

ments, whether bound or free, will be required to be classified with at least the following detail: -

Bound investments will be required to be divided into the three classes: "Mortgaged or Pledged Investments," "Contractual Fund Investments," and "Other Bound Investments". Each of these three classes, and the class "Free Investments," will be required to be subdivided into the following: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlled Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments.

30. Special Deposits defined.—By *Special Deposits*, as here used, are meant amounts of money and bank credits in the hands of fiscal agents of the corporation and others for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safety deposit vaults, etc., so long as they are available for general purposes of the corporation, shall be excluded herefrom.

311. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits specially deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest Accrued" account.

312. DIVIDEND SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits specially deposited in the hands of fiscal agents or other agents of the corporation for the payment of dividends upon the corporation's stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

313. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other special purposes than the payment of interest coupons and dividends. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

29. Prepayments.—When payments for taxes, insurance, rents and the like are made in advance of the actual accrual thereof, the amount of the advance payment shall be charged to the appropriate account in this group. As such taxes, etc., accrue, the appropriate prepayment account shall be credited and the appropriate expense or other income account shall be charged.

NOTE.—By the accrual of taxes, insurance, rent, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus: If the rent fixed by contract of lease for a certain property is \$600 for a calendar year, this accrues at the rate of \$50 each month (unless it is desired to

base the accrual on days, when of course the varying lengths of the months would require to be considered), regardless of the actual times when the rent matures; \$50 should thus (if the rent has been prepaid) be credited each month to the account, "Prepaid Rents," and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

321. PREPAID TAXES.

When taxes are paid in advance of their accrual, the amount prepaid shall be charged to this account. As the taxes thus prepaid accrue they shall be credited at monthly intervals to this account and charged to the appropriate taxes account. This account must not include any so called taxes, like water taxes, drainage taxes, fire taxes, etc., which are payments for special benefits received. Such payments for special benefits, where finally chargeable to operating expenses, must, when prepaid, be charged to the account "Other Prepayments".

322. PREPAID INSURANCE.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue they shall be credited at monthly intervals to this account and charged to the appropriate expense account.

323. PREPAID RENTS.

When rents are paid in advance of the enjoyment of the term, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As the term is consumed, this account shall be credited at monthly intervals and the appropriate rent account in the income account shall be charged.

324. OTHER PREPAYMENTS.

When prepayments are made for any other thing than taxes, insurance, and rents, above provided for, such prepayments shall be charged to this account; and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited monthly to this account and charged to the appropriate expense or income account.

30. *Suspense*.—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which under the rules of the Public Service Commission may be spread over a period of time, or when any debit made for any other reason may be amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss, or other debit shall, except as herein otherwise directed, be charged to an appropriate account in this group of accounts.

Norm.—By "amortization" of any charge or credit is meant its gradual extinction. The word is broader than the word "depreciation," since the latter is restricted ordinarily to tangible property. The word "depreciation" also imports more of the idea of fluctuating value and is complicated somewhat with the question of cost of replacement at market prices. Because it is considered unnecessary in connection with the gradual consumption or expiration of life of capital to consider the question of cost of replacement until the replacement is actually made, at which time the cost of replacement is duly charged to the appropriate account, and because provision is necessary for the gradual extinction of certain charges (such as those for some kinds of capital, those for extraordinary casualties, for discount on debt, etc.) to which the term "depreciation" does not well apply, it is considered advisable to use the term "amortization" in connection with the extinction of such charges, and of certain corresponding credits, such as premiums on debt outstanding.

331. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidence of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidence of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to the account "Amortization of Debt Discount and Expense" in "Income" account. Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to the account "Other Deductions from Surplus".

332. OTHER SUSPENSE.

To this account shall be made all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit".

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

31. *Securities Actually Issued and Later Re-acquired.*—For the case of securities actually issued by the corporation and later re-acquired by it, the following account is provided:

340. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face values to this account.

32. *Debt defined.*—The word debt, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt*.

33. Funded Debt defined.—*Funded Debt* comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

34. Unfunded Debt defined.—*Unfunded Debt* comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

35. Funded Debt accounts.—Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as e. g., "First Mortgage 5% QF 10, Aug. 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture". "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds".

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page, and account whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

36. Unfunded Debt accounts.—The accounts for unfunded debt are defined as follows:

351. TAXES ACCRUED.

Credit to this account at the close of each month the taxes accrued during the month, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

352. RECEIVER'S CERTIFICATES.

When any receiver acting under the orders of a competent court is in possession of the property of the corporation, and under the orders of such court

issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited monthly to this account.

353. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties, and the character of the action or suit. Interest accruing upon any such judgment shall be credited monthly to this account.

NOTE.—In case of appeal and affirmance in whole or in part from which judgment of affirmance a further appeal lies, the same rule shall apply as upon entry of original judgment.

354. INTEREST ACCRUED.

Credit to this account at the close of each month the interest accrued during the month upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NOTE.—When coupon interest matures it should be transferred from the sub-account "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured." When such interest is paid out of coupon special deposits the sub-account "Coupon Interest Matured" should be charged and the account "Coupon Special Deposits" credited.

355. DIVIDENDS DECLARED.

When any dividend is declared, it shall be credited to this account and here remain until it is paid, when it shall be charged to this account and credited to "Cash" or other suitable account.

356. BILLS PAYABLE.

When any note, draft, or other bill payable, which matures not later than one year after date of issue (or of demand) or assumption by the corporation of primary liability thereon is issued or assumed, the par value thereof shall be credited to this account, and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account.

357. ACCOUNTS PAYABLE.

Credit to this account when incurred all liabilities of the corporation upon open accounts.

358. OTHER UNFUNDED DEBT.

Credit to this account, at face value, all unfunded debt upon which the corporation is liable, and which is not elsewhere provided for.

37. Reserves.—Reserves shall be classified as *Permanent* and *Temporary*.

38. Permanent Reserves defined.—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. Permanent

reserves shall be classified into the two classes: *Premiums on Stocks*, and *Other Permanent Reserves*.

371. PREMIUMS ON STOCKS.

Premiums on stocks shall be sub-classified with respect to the several classes of stocks, for definitions of which see the accounts under the head "Stocks." A sub-account shall be kept for each particular class of stocks, and such sub-accounts shall be severally entitled:

Premiums on Debenture Stocks,
Premiums on First Preferred Stocks,
Premiums on Second Preferred Stocks, etc., and
Premiums on Common Stocks.

When a premium is realized upon an issue of any particular class of stock, such premium shall be credited to the sub-account above provided for such class of stock, and such credit shall remain in such account so long as such stock remains outstanding. By the *premium realized* (as the words are above used) is meant the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value thereof shall be considered the premium realized.

372. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account shall be created for each particular purpose for which a reserve is raised, and the purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

39. *Temporary Reserves defined.*—By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. *Temporary Reserves* shall be classified as *Contractual Reserves* and *Non-contractual Reserves*.

40. *Contractual Reserves defined.*—*Contractual Reserves* are reserves necessitated by contracts of the corporation, as e. g., reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account shall be raised for each particular contractual reserve, and to such account shall be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

41. *Non-contractual Reserves defined.*—*Non-contractual Reserves* are such temporary reserves as are raised without being required under any contract. *Non-contractual Reserves* are divided into *Required* and *Optional*.

42. *Required Reserve accounts.*—Required reserves are provided for in the following accounts:

374. ACCRUED AMORTIZATION OF CAPITAL.

Credit to this account such amounts as are charged from time to time to "Operating Expenses," or other accounts to cover depreciation of way and structures, depreciation of equipment, and other amortization of capital.

When any capital is retired from service, the original money cost thereof (estimated if not known, and where estimated, that fact and the facts upon which the estimate is based shall be stated in the entry), less salvage, shall (except as provided in account No. S100, "Fixed Capital, December 31, 1903,") be charged to this account. The amount originally entered or contained in the charges to any capital account in respect of such capital so going out of service shall be credited to such capital account, and any necessary adjusting entry made to the appropriate sub-account under the account "Corporate Surplus or Deficit".

375. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidence of indebtedness and the accrued interest shall be credited to this account. At monthly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity shall be charged to this account and credited to "Amortization of Premium on Debt," in "Income" account; or at the option of the corporation the charge to this account may be delayed to a time not later than the date of maturity of the debt, in which case the proportion applicable to the period covered by the then current income account shall be credited to the account "Amortization of Premium on Debt," and the remainder of the credit shall be to the account "Other Additions to Surplus".

376. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve shall show the purpose of the reserve and every subsequent entry with respect to that reserve shall designate the reserve to which it relates.

43. *Optional Reserve accounts.*— *Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

381. CASUALTIES AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualties and Insurance Reserve". Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

382. OTHER OPTIONAL RESERVES.

A sub-account shall be raised for each particular reserve, and its title shall designate the purpose of such reserve and the first entry therein shall express in full such purpose.

44. *Stocks defined.*—By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

45. *Stocks classified.*—Stocks are classified as—

Debenture Stocks,

First Preferred Stocks,

Second Preferred Stocks, etc., and

Common Stocks.

46. *Debenture Stocks defined.*—*Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

47. *First Preferred Stocks defined.*—*First Preferred Stocks* are those which have the first claim upon such dividends as may be distributed. They may be cumulative or noncumulative, participating or nonparticipating. If cumulative, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends until satisfied; if noncumulative, such amount lapses. If a first preferred stock is participating, it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if nonparticipating, it is limited to the stipulated rate.

48. *Second Preferred Stocks defined.*—*Second Preferred Stocks* are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or noncumulative, participating or nonparticipating.

49. *Common Stocks defined.*—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

50. *Voting Powers.*—Stocks differ also in regard to the voting powers incident to ownership of them.

51. *Retirement of Stocks.*—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

52. *Separate account required for each class of stocks.*—In the accounts of stocks outstanding, a separate account shall be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks, and shall be clearly expressed in the first entry in such account. To the account for any class of stocks shall be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other con-

sideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be by him disposed of for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess shall be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

SCHEDULE B.

INCOME ACCOUNT.

1. **Income and Indicant accounts compared.**—A comparison of the balances in the foregoing accounts (Schedule A) at any particular moment will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the *Balance Sheet* or *Indicant* accounts. Their balances indicate the condition of the corporation at any particular time. These accounts with their subsidiary accounts are all that are necessary prior to the time when the corporation becomes what may be called a "going concern".

When a corporation begins operations, it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the *Income* account. They are made up usually on a yearly basis, and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group.

2. **Divisions of Income account.**—The principal divisions of this group of accounts are the "*Revenue*" accounts, the "*Revenue Deduction*" accounts, the "*Income Deduction*" accounts, and the "*Appropriation*" accounts.

3. **Revenues defined.**—By *Revenues*, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interests in property). *Revenues* are classified as *Operating Revenues* and *Non-operating Revenues*.

4. **Operating Revenues defined.**—*Operating Revenues* are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its operations.

5. **Non-operating Revenues defined.**—*Non-operating Revenues* are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as *Rents*, *Interest*, *Dividends*, and *Miscellaneous*.

6. **Revenue Deductions defined.**—*Revenue Deductions* include *Expenses*, *Taxes*, and *Uncollectible Bills*.

7. **Expenses defined.**—*Expenses* are those outgoes (including capital consumed) necessary to the production of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into *Operating Expenses* and *Non-operating Expenses*. *Operating Expenses* are those incident to the operating revenues.

8. **Taxes defined.**—*Taxes* are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. **Uncollectible Bills defined.**—When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity (as *e. g.*, electric energy or gas for light, heat, or power), current accounts or claims against such consumers for such service rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills*.

10. **Gross Income, Income Deductions, and Net Corporate Income defined.**—Revenues, diminished by expenses, taxes, and uncollectible bills, give an amount called *Gross Income*, which is applicable to corporate and leased properties. Gross income is subject to several compulsory deductions, mostly contractual, like rent, interest, etc., and the remainder after these are made is called *Net Corporate Income*, which being subject only to the discretion of the corporation is most conveniently carried directly to the corporate surplus. The accounts covering the compulsory deductions from gross income, as above defined, are called the *Income Deduction* accounts.

11. **Appropriation accounts defined.**—The accounts covering the yearly changes in the corporate surplus are called the *Appropriation* accounts, since practically all of the matters covered by them are within the discretion of the corporation, although they also include certain adjustments made because of facts of previous years imperfectly accounted for at the time (whether through error or through lack of information), and certain other minor matters like extraordinary expenses not chargeable as deductions from revenues; also such matters as profits on the sale of capital, and profits and losses on the sale of investments.

12. **Definitions of Street Railroad Operating Revenue accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

I. REVENUE FROM TRANSPORTATION.

451. PASSENGER REVENUE.

This account includes amounts earned by the accounting corporation in the transportation of passengers in regular cars.

Credit to this account the carrier's proportion of receipts from the sale of tickets and the collection of cash fares; also overcollections made in excess of determined rates, such overcollections to be held subject to claim. Charge to this account amounts paid for fares refunded, amounts paid for tickets redeemed, and amounts paid for transferring passengers and baggage between stations or depots, except in cases where the transfer of both passengers and baggage is provided in the division of the through rate.¹

NOTE A.—Cash fare penalty collections made by conductors and the proportion of amounts collected on sale of mileage tickets and mileage credentials subject to refund must not be credited to "Passenger Revenue".

NOTE B.—"Passenger Revenue" should be credited with mileage tickets only as the mileage therefrom is honored for transportation. Receipts from mileage books when sold should be credited to an open account, which account should be charged and "Passenger Revenue" credited as the mileage is honored. A similar practice

¹ Charges to this and the following revenue accounts must be made in such wise as to permit their classification in the annual report of the corporation to the Public Service Commission.

should be followed in connection with the sale of strip, coupon, and other tickets not restricted to continuous trips.

452. BAGGAGE REVENUE.

Credit to this account amounts earned by the carrier in the transportation of baggage in excess of free authorized allowances; also packages, articles, dogs, etc., transported as baggage. Charge to this account all baggage refunds.

453a. CHARTERED CAR REVENUE.

Credit to this account revenue from cars chartered for special passenger service.

453b. PARLOR AND CHAIR CAR REVENUE.

Credit to this account amounts earned by the carrier in fares collected from passengers for seats in parlor, observation, chair, and other specially equipped passenger cars operated by street railroad companies. Charge to this account authorized refunds and tickets redeemed.

454. MAIL REVENUE.

Credit to this account amounts earned by the carrier in the transportation of mail and revenue from railroad postoffice cars, special facilities, and bonuses for special mail transportation. Charge to this account fines and penalties imposed by the Government when not collected from agents or employees.

455. EXPRESS REVENUE.

Credit to this account amounts earned by the carrier in transportation and for facilities on cars and at stations incident to the transportation of express matter, not including the separate rents of offices at stations. (See account No. 465c, "Rent of Buildings and Other Property".)

When a street railroad company transacts an express business through its regular railroad organization, the earnings therefrom should be credited to this account.

The term "express" is intended to cover matter handled at a higher rate than freight on account of quicker service or of collection and delivery.

456. MILK REVENUE.

Credit to this account amounts earned by the carrier in the transportation of milk and cream. Charge to this account refunds and overcharges on milk and cream so carried.

457. FREIGHT REVENUE.

This account includes amounts earned by the carrier in the transportation of freight.

Credit to this account the carrier's proportion of receipts for freight transportation; also overcollections made in excess of proper rates, such overcollections to be held subject to claim. Charge to this account overcharges paid resulting from the use of erroneous rates, weights, or classification; amounts paid for switching absorbed; authorized allowances; uncollected earnings on freight destroyed in transit and on short and lost freight; also uncollectible undercharges determined after delivery has been made.

458. SWITCHING REVENUE.

Credit to this account amounts earned by the carrier in switching service. Charge to it all overcharges on such switching.

459. MISCELLANEOUS TRANSPORTATION REVENUE.

Credit to this account amounts earned by the carrier in transportation not otherwise provided for.

II. OTHER STREET RAILROAD OPERATING REVENUES.

461. ADVERTISING AND OTHER PRIVILEGES.

Credit to this account the carrier's revenues from weighing, vending, and other automatic machines located at stations; from advertising at stations and on cars; from news companies or others for the privilege of operating news and other stands at stations, and selling papers, periodicals, fruit, etc., on cars; from telephone companies for the privilege of installing and operating commercial telephones at stations; and from other similar sources.

462a. PARCEL ROOM RECEIPTS.

Credit to this account the carrier's revenues from the operation of parcel rooms, the expenses of which are included in operating expenses.

462b. STORAGE.

Credit to this account the carrier's revenues from storage of freight and baggage. Charge to it authorized refunds.

463. CAR SERVICE.

Credit to this account amounts accruing as penalties for delay in loading or unloading cars (demurrage). Charge to it authorized refunds.

464. TELEPHONE AND TELEGRAPH SERVICE.

Credit to this account the carrier's revenues from commercial telephone and telegraph business transacted by it when the expense of transacting such business can not be separated from the expense of conducting the railroad service; also amounts received from telephone and telegraph companies, whether proportion of earnings or otherwise, for the privilege of transacting a commercial telephone or telegraph business in offices along the carrier's lines, when the carrier furnishes some service of its employees whose wages are included in operating expenses.

NOTE.—When a telephone company or a telegraph company rents the line of the carrier and pays all expenses incident to its maintenance and operation, the rent received should be credited to Non-operating Revenues.

465a. RENT OF TRACKS AND TERMINALS.

Credit to this account all compensation received for the use of bridges, electric lines, tracks, and terminals in the possession of and maintained or operated by the accounting corporation primarily for its own benefit. Also credit to it the rent element or the profit or return upon the value of property involved in amounts chargeable against participating companies or corporations for their use of such bridges, electric lines, tracks, and terminals in the possession of and maintained or operated by the accounting corporation for the joint benefit of itself and the using companies or corporations under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, where such arrangement permits including in the charge an element of profit or return upon the property involved. Such profit or return must be over and above any provision for wear and tear and depreciation of such property, and the amount credited to this account in respect thereof must be as provided in the said arrangement.

NOTE.—Revenue from leased lines not operated by the lessor should be included in Non-operating Revenues.

465b. RENT OF EQUIPMENT.

Credit to this account all compensation received for the use of cars, loco-

motives, the electric equipment of cars, and other equipment only temporarily out of the possession of the accounting corporation but usually in its possession and held by it primarily for its own benefit. Also credit to it the rent element or the profit or return upon the value of property involved in amounts chargeable against participating companies or corporations for their use of such equipment maintained or operated or held by the accounting corporation for the joint benefit of itself and the using companies or corporations under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, where such arrangement permits including in the charge an element of profit or return upon the property involved. Such profit or return must be over and above any provision for wear and tear and depreciation of such equipment, and the amount credited to this account in respect thereof must be as provided in the said arrangement.

NOTE.—Revenue from leased equipment held exclusively by another company or corporation under some form of lease should be included in Non-operating Revenues.

466c. RENT OF BUILDINGS AND OTHER PROPERTY.

Credit to this account the carrier's revenues from rents of buildings, land, and other property, such as depot and station grounds and buildings, general and other offices, rooms rented at stations, docks, wharves, ferry landings, section and other houses, etc., when such property is used in connection with operations and is maintained or operated by the accounting corporation primarily for its own benefit. Also credit to it the rent element or the profit or return upon the value of property involved in amounts chargeable against participating companies or corporations for their use of such property in the possession of and maintained or operated by the accounting corporation for the joint benefit of itself and the using companies or corporations under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, where such arrangement permits including in the charge an element of profit or return upon the property involved. Such profit or return must be over and above any provision for wear and tear and depreciation of such property, and the amount credited to this account in respect thereof must be as provided in the said arrangement.

NOTE.—Revenue from rent of real estate purchased or conducted as an outside investment, and out of the possession of the accounting corporation, should be included in Non-operating Revenues.

466a. SALE OF POWER.

Except as provided in the following sentence, credit to this account all receipts from the sale of power, whether for lighting, heating, or motive purposes. If the company conducts a general lighting and power business, as well as a street railroad business, the receipts from such lighting and power business should not be credited to this account, but to a separate account.

NOTE.—The expenses of conducting such lighting and power business should be excluded from the expenses of the street railroad operations through the means of the several accounts entitled "Other Operations — Cr."

466b. JOINT ELECTRIC POWER REVENUE.

When a carrier engages in the production of power for the benefit of another company or companies under an arrangement for the apportionment of expenses upon the basis of the relative amounts of benefit to the several participating companies, if such arrangement provides for the receipt by the car-

rier of any profit or return upon its property, such profit or return shall be credited to this account. Such profit or return must be over and above any provision for wear and tear and depreciation in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

467. PARK AND RESORT REVENUE.

Credit to this account the carrier's receipts from the sale of privileges, admission tickets, etc., in connection with amusement parks, park properties, and resorts operated primarily for the purpose of inducing travel.

NOTE.—When such properties are operated primarily for other purposes, the revenues therefrom must be credited to Revenues from Outside Operations.

468. MISCELLANEOUS.

Credit to this account all revenue from street railroad operations (other than transportation) not includible in the preceding revenue accounts.

13. *Revenues from Outside Operations*.—The detailed revenue accounts for operations other than the above mentioned will be provided for elsewhere.

14. *Operating Expenses defined*.—By the operating expenses of a corporation are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of the commodities produced, and the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived are excluded from operating expenses.

15. *Definitions of certain terms used in connection with expense accounts*.—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account, as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

16. *Definitions of Street Railroad Operating Expense accounts*.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

GENERAL ACCOUNTS.

- I.—Maintenance of Way and Structures.
- II.—Maintenance of Equipment.
- III.—Traffic.
- IV.—Conducting Transportation.
- V.—General and Miscellaneous.

I. MAINTENANCE OF WAY AND STRUCTURES.

701. SUPERINTENDENCE OF WAY AND STRUCTURES.

Charge to this account salaries and office and traveling expenses of officers and their assistants when directly in charge of Maintenance of Way and Structures, including chief engineer, engineer maintenance of way, superintendent of electric line, superintendent of buildings, architect, division engineer, roadmasters, track foremen, and office and field forces; cost of repairing drafting and engineering instruments, and original cost of such instruments as are not properly capitalized; cost of supplies used by officers and employees whose salaries are charged to this account; office rent, cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

NOTE A.—No portion of expenses of general offices shall be charged to this account.

NOTE B.—When employees enumerated above are engaged in work not chargeable to "Maintenance of Way and Structures," their salaries and expenses should be charged to the specific work on which engaged.

NOTE C.—When employees enumerated above also have supervision over other departments, their salaries and expenses should be properly apportioned (in accordance with the service rendered) between the departments over which they have jurisdiction.

702. ROADWAY AND TRACK REPAIRS.

Charge to this account all matters provided for under the following heads:

BALLAST: This head includes all expenses incident to the purchase and production of ballast used for maintenance: purchase price of gravel, stone, slag, cinders, sand, and other material used for ballast, including freight charges, if any; payments for gravel and quarry rights and privileges; expenses of sinking test holes; stripping, blasting, loading, and other expenses in connection with production of ballast.

NOTE.—The cost of labor of delivering, unloading, and putting ballast into track should be charged to this account under the head of "Roadway and Track Labor".

TIES: This head includes the cost of ties and timbers used to renew cross, switch, and bridge ties, head-blocks and railroad crossing timbers for main and repair tracks, sidings, and spurs; in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables; including freight, inspection, and any special treatment for preservation.

NOTE.—The cost of labor of unloading, distributing, and putting ties into track should be charged to this account under the head of "Roadway and Track Labor".

RAILS: This head includes the cost of rails used to renew main and repair tracks, sidings, and spurs; tracks in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables; including freight and inspection; also of guard-rails used in track.

NOTE.—The cost of labor of unloading, distributing, and laying rails in track should be charged to this account under the head of "Roadway and Track Labor".

RAIL FASTENINGS AND JOINTS: This head includes the cost of rail fastenings and joints used for repairs and renewals, including fish-plates, braces, tie-plates, tie-rods, nuts, bolts, spikes, cost of welded joints, etc., for main and repair tracks, sidings, and spurs; tracks in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, culverts, car houses, shops, and storehouses, and on transfer tables and turntables; including freight and inspection.

NOTE.—The cost of applying rail fastenings and joints should be charged to this account under the head of "Roadway and Track Labor".

SPECIAL WORK: This head includes the cost of material used in repairing and renewing special work, including steam and street railroad crossings, crossovers, curves, frogs, runoffs, switches, switchmates, and turnouts; including freight and inspection.

NOTE.—The cost of labor in connection with this work should be charged to this account under the head of "Roadway and Track Labor".

UNDERGROUND CONSTRUCTION: This head is only for railroads operated by underground electric contact system, and for those operated by cable traction. It includes the cost of material used in repairing and renewing yokes, concrete work, manhole frames and covers, slot rails, drainage pipes, pulleys and sheaves, and other fixtures and appurtenances peculiar to underground electric or cable construction.

NOTE A.—The cost of labor in connection with this work should be charged to this account under the head of "Roadway and Track Labor".

NOTE B.—The cost of repairing and renewing electric contact rails and insulators, and cables of cable railroads, must not be charged to this account.

ROADWAY AND TRACK LABOR: This head includes the cost of all labor used in unloading, distributing, and placing ballast; renewing and relaying ties; repairing, renewing and relaying rails; repairing, renewing and replacing rail fastenings and joints; repairing, renewing, and replacing special work; and repairing, renewing and replacing underground construction; also that used in grading, aligning, surfacing, and gauging tracks; taking up track, whether another is laid to replace it or not; constructing and cleaning tile and open ditches; protecting banks by retaining walls, riprap, piling, piers, dikes, or other means; patrolling, inspecting, and watching track, and other miscellaneous roadway and track labor.

PAVING: This head includes the cost of material used and labor expended in repairing and renewing paving, including granite, wood, brick, and asphaltum pavement, sand and concrete work made necessary by repairs and renewals of paving; hauling and distributing material; also cost of removing old material.

Repairs and renewals of street paving in connection with roadway and track required by municipalities shall also be charged under this head.

MISCELLANEOUS ROADWAY AND TRACK EXPENSES: This head includes the cost of roadway tools when chargeable to expenses, and cost of all material used and labor expended in repairing and renewing all tools, implements, flags, lanterns, etc., used in repairing roadway and track; also such other material, supplies, and incidental expenses as are not properly chargeable under any of the foregoing heads under Roadway and Track Repairs.

C713. CLEANING AND SANDING TRACK AND REMOVING SNOW.

Charge to this account all matters provided for under the following heads:

CLEANING AND SANDING TRACK: This head includes the cost of all material used and labor expended in cleaning, greasing, watering, sprinkling, and oiling roadway and tracks; sanding track; cost of sand and of hauling, drying,

and distributing same; cost of track brooms and other cleaning and sanding tools and apparatus; curve grease, water for sprinkling and watering track, oil for oiling roadbed, and all other supplies and expenses incident to the work.

REMOVAL OF SNOW, ICE, AND SAND: This head includes the cost of all material used and labor expended for removal of snow, ice, and sand from tracks, whether done by the company or otherwise, including tools and expenses; cost of salt and delivering same in car houses or bins, and the wages of men engaged in salting track and operating snow-plows, sweepers, scrapers, etc.

NOTE A.—Repairs of sprinkling and sand cars, salt cars, snow-plows, sweepers, scrapers, and miscellaneous snow and sand equipment used in connection with this work should be charged to account No. 744, "Repairs of Cars and Locomotives".

NOTE B.—Repairs of wagons and harness used in connection with this work should be charged to account No. 752, "Miscellaneous Equipment Expenses".

NOTE C.—Cost of sprinkling rendered necessary by repairs or construction of track or paving should be charged to the proper maintenance or construction account.

715. OTHER REPAIRS OF WAY.

Charge to this account all matters provided for under the following heads:

REPAIRS OF TUNNELS: This head includes the cost of repairing tunnels; pay of tunnel watchmen and cost of supplies used by them; cleaning, repainting and whitewashing; and maintenance of lighting, ventilating, and drainage systems. This account does not include repairs or renewals of roadway, tracks, or electric feeder and contact lines through tunnels.

REPAIRS OF ELEVATED STRUCTURES AND FOUNDATIONS: This head is intended to be used only by companies operating an elevated railroad system; it includes the cost of all repairs of elevated structures and their foundations.

REPAIRS OF BRIDGES, TRETTLES, AND CULVERTS: This head includes the cost of all repairs of bridges, trestles, culverts (both substructure and superstructure), piers, abutments, masonry, and drainpipes, including repairs made necessary by washouts; retaining walls, riprapping, and dikes necessary to protect or strengthen bridges and culverts against ice, water, or drift; guards on bridges, framing ties for bridges; bridge signs or number boards; cost of cleaning channels under bridges and cleaning culverts; altering and bracing bridges and trestles during progress of filling; removing old bridges in connection with construction of new bridges, and constructing and removing temporary or false work used in repairing bridges and culverts.

Pay of bridge foremen and bridge watchmen and cost of all supplies used by them, and pay of bridge inspectors and expenses incident to bridge inspection shall be charged to this account.

NOTE.—Any structure carrying tracks of the accounting corporation over other tracks, or over a stream, highway, or canal should be considered a bridge or a culvert. The cost of maintaining structures carrying other tracks, canals, highways, etc., over the accounting corporation's tracks should be charged under the following head, "Repairs of Crossings, Fences, and Signs".

REPAIRS OF CROSSINGS, FENCES, AND SIGNS: This head includes the cost of all repairs of street, road, and farm crossings at grade, overhead bridges and viaducts, roadways of undergrade foot or wagon crossings; crossing gates and warning signals; cost of drainage and excavations for undergrade crossings; and payments and assessments for street repairs or sewers at crossings; also the cost of repairs of right of way fences, snow and sand fences, cattle-guards,

wing-fences, aprons, and hedges, and mile, section, warning, and other road-way signs.

NORM A.—Street or sewer repairs within the limits of shop grounds or immediately adjacent to station buildings should be charged to account No. 725, "Repairs of Buildings and Structures".

NORM B.—This account does not include ballast, ties, or other track material, and track labor at street, road, and farm crossings, such being provided for in account No. 703, "Roadway and Track Repairs".

REPAIRS OF SIGNAL AND INTERLOCKING SYSTEMS: This head includes the cost of repairs of buildings and appliances of interlocking systems, and semaphores, block, and other signal systems, and all machinery such as air compressors, levers, boilers, dynamos, engines, and machinery and fixtures used in connection therewith.

NORM A.—This account does not include the cost of track material proper required in connection with interlockers, such as switches, special track fastenings, split rails, frogs, etc., the cost of which should be charged to account No. 703, "Roadway and Track Repairs".

NORM B.—Rent of appliances for signal and interlocking systems should be charged to account No. 814, "Operation of Signal and Telephone Systems".

NORM C.—If signal wires are attached to poles and fixtures used for other purposes, the cost of repairs of such poles and fixtures should be charged to account No. 723, "Repairs of Electric Power Line".

TELEPHONE AND TELEGRAPH REPAIRS: This head includes the cost of all repairs and renewals of telephone and telegraph systems owned by the company or for which it is responsible, including conduits, poles, cross-arms, insulators, wires, cables, cable-boxes, instruments, battery jars, switchboards, and all other appurtenances forming a part of the telephone and telegraph systems.

NORM A.—Rents of telephone and telegraph systems shall be charged not to this account, but to account No. 804, "Miscellaneous Transportation Expenses," under the head of "Operation of Signal and Telephone Systems".

NORM B.—If telephone or telegraph wires are attached to poles and fixtures used for other purposes, the cost of repairs of such poles and fixtures should be charged to account No. 723, "Repairs of Electric Power Line".

OTHER MISCELLANEOUS WAY EXPENSES: This head includes all expenses in connection with Maintenance of Way not properly chargeable under preceding heads.

723. REPAIRS OF ELECTRIC POWER LINE.

Charge to this account¹ all matters provided for under the following heads:

POLE AND FIXTURE REPAIRS: This head includes the cost of repairing and renewing poles, cross-arms, and insulator pins, brackets, and other pole fixtures, braces and other supports for holding the poles in position; also repairs of towers and other structures maintained primarily for supporting the overhead electric construction.

This head does not include insulators.

NORM.—The cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction shall, when the individual costs of the same equal or exceed \$100, be treated through the appropriate capital accounts. When the individual cost is less than \$100, the replacement may be charged directly to this account.

UNDERGROUND CONDUIT REPAIRS: This head includes the cost of repairing and renewing conduits required for underground wires and cables, including

¹ Charges to this account shall be made in such detail and fullness as to permit their analysis in accordance with the heads prescribed.

manholes, sewer connections, sewer traps, and all other material necessary to the maintenance of the conduit system.

TRANSMISSION SYSTEM REPAIRS: This head includes the cost of repairing and renewing the transmission system, including cables, wires, insulators and insulating material; also cost of changing route of line or removing line when no replacement is made.

NOTE.—In electric railroad operations, when the electric current generated (or received) is changed by means of (a) rotary converters, or (b) motor generator sets, or (c) static transformers (sub-station apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the Transmission System. Tie-lines between generating stations and sub-stations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system), including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as Distribution System.

DISTRIBUTION SYSTEM REPAIRS: This head includes the cost of repairing and renewing the distribution system, as follows:

a. *Overhead feeders* for distributing energy from power stations and sub-stations, including insulators and connections.

b. *Underground feeders* for distributing energy from power stations and sub-stations, including insulators and connections.

c. *Track bonding*, including track bonds, cost of punching and drilling rails for track bonds, and testing for defective bonding.

d. *Overhead trolley*, including cost of trolley, guard, span, strain, supplementary and other wires, and all catenary construction used in connection with the overhead trolley system.

e. *Third rail*, including cost of third rail, braces and supports for same, insulating devices, material used for covering and protecting same, and all fixtures and appliances connected with third-rail conductors.

f. *Underground contact rails*, including cost of contact rails, and braces, supports, insulating devices and other appliances in underground contact systems.

Corporations which desire to keep sub-accounts of the Distribution System Maintenance Expense shall follow the foregoing classification.

NOTE.—For the definition of the distribution system, see the note to the preceding head, "Transmission System Repairs".

MISCELLANEOUS ELECTRIC LINE EXPENSES: This head includes all expenses in connection with maintenance of electric line not properly chargeable under other heads. Such replacements as are chargeable to the capital accounts shall not be included here.

725. REPAIRS OF BUILDINGS AND STRUCTURES.

Charge to this account the cost of repairs of buildings and structures used in the operation of the road; cost of repairs of fixtures therein; cost of maintaining walks, driveways, and grounds connected with buildings; cost of delivering material, including freight charges, if any, and all incidental expenses connected with the maintenance of buildings and structures.

The term "Buildings and Structures," in addition to embracing the buildings proper, shall be understood to include fixtures when immovable and built in as a part of the structure; permanent foundations for machinery and apparatus; pipes for gas, water, sewerage, and drainage; apparatus for heating, lighting, and ventilating; freight and passenger elevators with

fixtures and appurtenances; platforms; appliances for protecting buildings against fires; fences, walls, sidewalks, and pavements within the limits of grounds immediately adjacent to buildings or yards, except paving in tracks.

NOTE.—The cost of replacement of a building or structure, when in excess of \$100, shall be treated through the appropriate capital account; when less than \$100, it may be charged directly to this account or a sub-account hereunder.

Repairs of buildings and structures may, if desired, be further classified under the following headings, which shall be the titles of sub-accounts set up hereunder:

- a. *Power plants.*
- b. *Sub-stations, including storage battery buildings.*
- c. *Car houses.*
- d. *Shops.*
- e. *General office buildings.*
- f. *Stations, waiting rooms, and platforms.*
- g. *Docks and wharves.*
- h. *Miscellaneous buildings and structures.*
- i. *Other building and structure maintenance, which shall include all expenses in connection with maintenance of buildings and structures not properly chargeable to any of the foregoing subdivisions.*

NOTE.—The cost of repairs and renewals of track and electric power line in buildings, yards, and grounds should be charged to the proper accounts "Repairs of Roadway and Track," or "Repairs of Electric Power Line."

726. OTHER OPERATIONS — DR.

Charge to this account the proportion of operating expenses chargeable to Maintenance of Way and Structures of the railroad department, but defrayed, in the first instance, by another coördinate department (such as electric light, heat, power, or gas) within the same corporation.

727. JOINT WAY AND STRUCTURES — DR.

When any way or structure is maintained by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance, the portion of such expense to be met by the accounting corporation shall be charged to this account. The portion so charged may include provision for depreciation of such way or structure as well as current outlay for repair, but must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

728. OTHER OPERATIONS — CR.

Credit to this account the proportion of the Maintenance of Way and Structures expense chargeable to other coördinate departments (such as electric light, power, heat, or gas) within the same company, but defrayed in the first instance by the street railroad department.

729. JOINT WAY AND STRUCTURES — CR.

When any way or structure is maintained by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several partici-

pants) the expense of maintenance, the portion of such maintenance expense chargeable to such others under the arrangement shall be credited to this account. The portion so credited may include provision for depreciation of such way or structure as well as current outlay for repairs, but must not include any allowance for profit or return upon such property.

NORM A.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

NORM B.—In the case of the production of power part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to revenue account No. 466a, "Sale of Power," and on the part of the paying company is to be charged to the expense account No. 788, "Power Purchased".

730. DEPRECIATION OF WAY AND STRUCTURES.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the month on all way and structures of the accounting corporation, less an amount equal to the sum of the amounts charged for that month to the various repair accounts in Maintenance of Way and Structures. The amount charged (or credited) to this account for any month shall be concurrently credited (or debited) to the reserve account No. 374, "Accrued Amortization of Capital". When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. S100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the reserve account "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit". Where capital is substantially continuous, such as track, and can not be satisfactorily individualized, the capital shall be kept in efficient operating condition through repair, and the renewals and replacements of parts thereof shall be considered repairs. In the case of buildings, towers, bridges, trestles, and other separate structures capable of being readily individualized, charges to this account must be sufficient to provide (in respect of such capital, and except as provided in account No. S100, "Fixed Capital, December 31, 1908,") in the account "Accrued Amortization of Capital" by the time such structures go out of service a reserve equal to the original cost thereof, less salvage, to which account such original cost, less salvage, may be charged.

NORM.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of revenue car-miles. Whatever may be its basis, such rule and a sworn statement of the facts and expert opinions and estimates upon which it is based shall be filed with the Public Service Commission on or before July 1, 1909; each amendment of such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Depreciation of Way and Structures".

II. MAINTENANCE OF EQUIPMENT.

741. SUPERINTENDENCE OF EQUIPMENT.

Charge to this account salaries and office and traveling expenses of officers and their assistants when directly in charge of equipment, including superintendent of equipment, mechanical engineer, electrical engineer, superintendent of rolling stock, master car builder, master mechanic, general foreman, and their office forces.

Charge also to this account the cost of repairing drafting and engineering instruments, and the original cost of such instruments as are not properly capitalized; cost of supplies used by employees whose salaries are charged to this account; office rent, cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

NOTE A.—No portion of expenses of general offices shall be charged to this account.

NOTE B.—When employees enumerated above are engaged in work not chargeable to "Maintenance of Equipment," their salaries and expenses should be charged to the specific work on which engaged.

NOTE C.—When employees enumerated above also have supervision over other departments, their salaries and expenses should be properly apportioned (on the basis of service rendered) between the departments over which they have jurisdiction.

743. REPAIRS OF POWER PLANT EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF FURNACES, BOILERS, AND ACCESSORIES: This head includes the cost of repairing furnaces, boilers, boiler apparatus and accessories, including boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, iron smokestacks, and the specially provided foundations and settings of such boilers and appurtenances; also mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

REPAIRS OF STEAM ENGINES: This head includes the cost of repairing steam engines of the power generating plant, including the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the steam engine and the electric rotor thereon shall be considered a part of the electric equipment.

REPAIRS OF HYDRAULIC POWER PLANT: This head includes the cost of repairing hydraulic structures and apparatus, dams, canals, wheel pits, tail-races, water racks, headgates, wasteways, standpipes, gate house, penstock, water-wheels, wheel cases, wheel governors, wheel gates, wheel valves, relief valves, dredging reservoir and repairs around the same, and filling in or repairing embankments.

REPAIRS OF GAS POWER EQUIPMENT: This head includes the cost of repairing the gas power equipment, including producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfits, seals, specially provided boilers and pumps, gas engines, ignition and compressed air apparatus, piping, holders, and other auxiliary apparatus.

REPAIRS OF POWER PLANT ELECTRIC EQUIPMENT: This head includes the cost of repairing the electric machinery and apparatus of the power generating plant, including dynamos, alternators, generators, rotaries, and other apparatus for generating electric energy; switchboards, station cables, and feeder terminals and wiring in connection with the same; boosters, rheostats, circuit breakers, voltmeters, ammeters and the like, with their foundations and settings.

NOTE.—This head should not include any sub-station equipment.

REPAIRS OF MISCELLANEOUS POWER PLANT EQUIPMENT: This head includes the cost of repairing all miscellaneous equipment of power plants which is not includible under any of the foregoing heads; it includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, cranes, hoists, etc., machine tools and such other tools at power plants as are proper to be capitalized, etc.

REPAIRS OF CABLE POWER EQUIPMENT: This head includes the cost of repairing power plant machinery and apparatus used in connection with the operation of cable or incline railroad cars. Such equipment includes the cables as well as boilers, engines, leading wheels and bearings, etc.

NOTE.—This head should not include any sub-station equipment.

5528. REPAIRS OF SUB-STATION EQUIPMENT.

Charge to this account the cost of repairing sub-station apparatus, including storage batteries, transformers, rotary converters, oil switches, switchboards, and switchboard appliances and wiring in connection with the same.

744. REPAIRS OF CARS AND LOCOMOTIVES.

Charge to this account all matters provided for under the following heads:

REPAIRS OF PASSENGER AND COMBINATION CARS: This head includes the cost of repairing passenger and combination cars.

The term "car" includes body and trucks, and all fixtures and appliances inside of or attached to the car body or trucks, except the electric equipment of the car. The term "combination car" includes all cars that are used in part for carrying passengers.

The cost of shifting trucks of cars from car bodies of this class shall be charged under this head.

REPAIRS OF FREIGHT, EXPRESS, AND MAIL CARS: This head includes the cost of repairing freight, express, and mail cars, from the operation of which revenue is derived.

The cost of shifting trucks of cars from car bodies of this class shall be charged under this head.

REPAIRS OF LOCOMOTIVES: This head includes the cost of repairs of locomotives, which term includes body and trucks, and all fixtures and appliances inside of or attached to the body or trucks, except the electric equipment of locomotives.

The cost of shifting trucks of locomotives from one locomotive to another shall be charged under this head.

REPAIRS OF SERVICE CARS: This head includes the cost of repairs of service cars, including water cars, sprinkling cars, sand cars, salt cars, supply cars, line cars, snow-plows, sweepers, scrapers, and other work, sand, and snow equipment.

The cost of shifting trucks of cars from car bodies of this class shall be charged under this head.

NOTE A.—Incandescent lamps and other supplies for cars and locomotives should be charged to account No. 804, "Miscellaneous Transportation Expenses," under the head of "Miscellaneous Car Service Employees and Expenses".

NOTE B.—Charges to this account should be made in such wise as to permit their analysis in accordance with the prescribed heads.

749. REPAIRS OF CAR AND LOCOMOTIVE ELECTRIC EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF ELECTRIC EQUIPMENT OF CARS: This head includes the cost of repairing the electric equipment and wiring of all passenger, combination, freight, express, mail, and service cars.

The cost of shifting the electric equipment of cars from one car to another shall be charged under this head.

REPAIRS OF ELECTRIC EQUIPMENT OF LOCOMOTIVES: This head includes the cost of repairing the electric equipment and wiring of locomotives.

The cost of shifting the electric equipment of locomotives from one locomotive to another shall be charged under this head.

NOTE A.—Incandescent lamps and other supplies for cars and locomotives should be charged to account No. 804, "Miscellaneous Transportation Expenses," under the head of "Miscellaneous Car Service Employees and Expenses".

NOTE B.—Charges to this account should be made in such wise as to permit their analysis in accordance with the prescribed heads.

752. MISCELLANEOUS EQUIPMENT EXPENSES.

Charge to this account all matters provided for under the following heads:

REPAIRS OF SHOP MACHINERY AND TOOLS: This head includes the cost of repairing machinery and tools in shops and car houses, such as engines and boilers, shafting and belting; cranes, hoists, jacks, and other equipment used in connection therewith; furnaces, forges, lathes, shapers, drill presses, wheel grinders and wheel presses, planers, etc.

SHOP EXPENSES: This head includes all expenses for heating and lighting repair shops; miscellaneous expenses of such shops, including fuel, water, and ice; oil, grease, waste, and other material used in lubricating shop machinery and tools; cost of supplies and small hand tools used by mechanics, and wages of employees making and repairing same; wages of stationary engineers and firemen, watchmen, sweepers, cleaners, and other unskilled laborers employed in general work in and about shops and shop yards.

REPAIRS OF VEHICLES: This head includes the cost of repairing harness, automobiles, emergency, repair, tower, and other service wagons, sleds, sleighs, omnibuses, and all other vehicles except cars and locomotives.

OTHER MISCELLANEOUS EQUIPMENT EXPENSES: This head includes all expense incurred in connection with the maintenance of equipment not properly chargeable under other heads. Such replacements as are properly treated through the capital accounts shall not be included herein.

757. OTHER OPERATIONS—DR.

Charge to this account the proportion of operating expenses chargeable to Maintenance of Equipment of the street railroad department, but defrayed in

the first instance by another coördinate department (such as electric light, heat, power, or gas) within the same corporation.

758. MAINTAINING JOINT EQUIPMENT — Dr.

When any equipment is maintained by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance, the portion of such maintenance expense to be met by the accounting corporation shall be charged to this account. The portion so charged may include provision for depreciation of such equipment as well as current outlay for repair, but must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

759. OTHER OPERATIONS — Cr.

Credit to this account the proportion of the Maintenance of Equipment expense chargeable to other coördinate departments (such as electric light, power, heat, or gas) within the same company, but defrayed in the first instance by the street railroad department.

760. MAINTAINING JOINT EQUIPMENT — Cr.

When any equipment is maintained by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (upon the basis of the relative amounts of benefit to the several participants) the expense of maintenance, the portion of such maintenance expense chargeable to such others under the arrangement shall be credited to this account. The portion so credited may include provision for depreciation of such equipment as well as current outlay for repairs, but must not include any allowance for profit or return upon such property.

NOTE A.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

NOTE B.—In the case of the production of power part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to revenue account No. 466a, "Sale of Power," and on the part of the paying company is to be charged to expense account No. 786, "Power Purchased".

761. DEPRECIATION OF EQUIPMENT.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the month on all equipment of the accounting company, less an amount equal to the sum of the amounts charged for that month to the various repair accounts in Maintenance of Equipment. The amount charged (or credited) to this account for any month shall be concurrently credited (or charged) to the reserve account No. 374, "Accrued Amortization of Capital," and (with the exception below noted) must be sufficient to provide in that account, in respect of the several items of equipment by the time such items go out of service, a reserve equal to the original cost thereof, less salvage. When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No.

\$100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the account "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit".

NOTE.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of revenue car-miles. Whatever may be its basis, such rule and a sworn statement of the facts and expert opinions and estimates upon which it is based shall be filed with the Public Service Commission on or before July 1, 1909; each amendment of such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Depreciation of Equipment".

III. TRAFFIC.

770. TRAFFIC EXPENSES.

Charge to this account all matters provided for under the following heads:

SUPERINTENDENCE AND SOLICITATION: This head includes salaries and office and traveling expenses of officers and their assistants when directly in charge of traffic, including traffic managers, general freight, express, passenger, and ticket agents, commercial, city, district, and excursion agents, their clerks and assistants; cost of supplies used by employees whose salaries are charged to this account; office rent and cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

NOTE A.—No portion of expenses of general offices shall be charged under this head.

NOTE B.—When employees enumerated above are engaged in work not chargeable to "Traffic," their salaries and expenses should be charged to the specific work on which engaged.

NOTE C.—When employees enumerated above have supervision over other departments also, their salaries and expenses should be apportioned, in accordance with the service rendered, between the departments over which they have jurisdiction.

ADVERTISING: This head includes the salaries and expenses of advertising agents; cost of bill posting, and printing, publishing, and distributing passenger time-tables, folders, notices to shippers, and other advertising matter; advertising in newspapers and periodicals for the purpose of securing traffic; bulletin boards, cards, cases, display cards, photographs, and postage and express charges on advertising matter, and other expenses for advertising.

PARKS AND OTHER ATTRACTIONS: This head includes the expense of operating amusement parks, resorts, and other like attractions maintained and operated for the purpose of inducing travel upon the lines of the accounting corporation; also the cost of repairs of buildings and other property at such parks, etc.

NOTE. — Where any such park or other attraction is maintained primarily for any other purpose than the stimulation of travel upon the lines of the accounting company, it shall be considered an outside operation, and the expenses of such operation and maintenance shall be excluded from street railroad operating expenses.

MISCELLANEOUS TRAFFIC EXPENSES: This head includes expenses of traffic associations, including membership fees, contributions made for the purpose of

securing traffic, and all other traffic expenses not properly chargeable under other heads.

IV. CONDUCTING TRANSPORTATION.

781. SUPERINTENDENCE OF TRANSPORTATION.

Charge to this account salaries and office and traveling expenses of officers and assistants when directly in charge of transportation, including superintendent of power, superintendent of transportation, division superintendents, their assistants and aids; trainmasters, train dispatchers, car starters, inspectors, instructors, and others employed in superintending transportation.

NOTE A.—No portion of the expenses of general offices shall be charged to this account.

NOTE B.—When the employees enumerated above are engaged in work not chargeable to "Conducting Transportation," their salaries and expenses should be charged to the specific work on which engaged. If any such employees have supervision over other departments also, their salaries and expenses should be apportioned, in accordance with the service rendered, between the departments over which they have jurisdiction.

NOTE C.—Cost of secret service inspection should be charged to account No. 804, "Miscellaneous Transportation Expenses," under the head of "Miscellaneous Car Service Employees and Expenses".

Group I: Power.

The accounts below provided in this group are intended to show the principal constituents of the cost of power.

8501. POWER PLANT LABOR.

Charge to this account all matters provided for under the following heads:

a. *Power Plant Superintendence and Care.*—This includes the cost of labor of power plant superintendent and assistants, clerks, janitors, watchmen, elevator men, and that portion of the engineering staff chargeable to the generating plant.

b. *Boiler Room Labor.*—This includes the cost of labor in boiler house and elsewhere in and about the premises having to do with making steam, such as that of the fire room engineer and assistants, water tenders, firemen, coal handlers, ash handlers, boiler cleaners, feed-pump men, etc.

c. *Producer Labor.*—This includes the cost of labor in and about the premises having to do with the production of power gas.

d. *Engine Labor.*—This includes the cost of labor employed in operating prime movers of all kinds, including the chief engineer and his assistants, oilers, wipers, and machinists.

e. *Electric Labor.*—This includes the cost of labor in connection with the operation of electric apparatus and devices, beginning with the dynamos direct connected or belted to the prime movers, and including the switchboard, feeder terminal board, and to the point where the electric current leaves the station for the transmission or distribution system.

f. *Cable Power Plant Labor.*—This includes the cost of labor employed in connection with the operation of machinery and apparatus used for the propulsion of cable or incline railroad cars.

Corporations desiring to subdivide the account "Power Plant Labor" shall follow the foregoing sub-classification.

8525. SUB-STATION LABOR.

Charge to this account the cost of all labor in power sub-stations except labor employed in making repairs and renewals.

8502. FUEL FOR POWER.

Charge to this account the cost of coal, oil, gas, and other fuel used at power plants, including freight and hauling; also any special expense incurred in removing ashes.

NOTE.—No portion of the cost of boiler room labor shall be charged to this account.

785. OTHER POWER SUPPLIES AND EXPENSES.

Charge to this account all matters provided for under the following heads:

WATER FOR POWER: This head includes the cost of water used to produce steam, to cool gas engines, or to operate water power plant, including pumping, water rents, rent of ponds, streams, and pipe lines; also boiler compounds.

LUBRICANTS FOR POWER: This head includes the cost of lubricants for power plants, including oil, grease, etc.

NOTE.—Lubricants for sub-stations should be charged to this account under the head of "Sub-station Supplies and Expenses".

MISCELLANEOUS POWER PLANT SUPPLIES AND EXPENSES: This head includes the cost of waste, carbon brushes, fuses, lamps, and other supplies and expenses of power plants not includible under any of the foregoing heads.

SUB-STATION SUPPLIES AND EXPENSES: This head includes the cost of lubricants, waste, carbon brushes, fuses, lamps, water, and other supplies and expenses of sub-stations.

HORSE POWER—REVENUE CAR SERVICE: This head is only for corporations that maintain stables in connection with the operation of horse cars for passenger transportation. Other stable expenses are chargeable to account No. 8840, "Store and Stable Expenses". This head includes the following matters:

a. *Wages of Stablemen:* The wages of feeders, hostlers, hitchers, and other stable help employed in connection with horses used for the operation of revenue cars.

b. *Provender:* The cost of corn, hay, meal, oats, and other provender used for feeding horses devoted to the operation of revenue cars.

c. *Horseshoeing:* The expense of shoeing horses used in the operation of revenue cars.

d. *Harness and Other Horse Equipment:* The cost of harness and other equipment for horses used in the operation of revenue cars.

e. *Stable Supplies and Expenses:* The cost of heat and light and expenses not otherwise provided for in connection with the stabling of horses used in the operation of revenue cars, including such items as bedding, fire buckets and extinguishers, hose, ice, removal of manure, medicine and veterinary expense.

NOTE.—Charges to the account "Other Power Supplies and Expenses" must be made in such wise as to permit, in the annual reports of corporations to the Public Service Commission, the analysis of the charges in accordance with the prescribed heads.

786. POWER PURCHASED.

Charge to this account all expenses for power bought from other companies. This does not include power produced under any joint arrangement, for which see accounts Nos. 727, 758, 787, and 844, "Joint Way and Structures—Dr.," "Maintaining Joint Equipment—Dr.," "Jointly Produced Power—Dr.," and "Joint General Expense—Dr."

787. JOINTLY PRODUCED POWER — DR.

When power is produced by another person or corporation for the joint benefit of the accounting corporation and others under an arrangement for sharing (on the basis of the relative amounts of benefit to the several participants) the expense of production (as distinguished from maintenance), the portion of such expense to be met by the accounting corporation shall be charged to this account. The portion so charged must not include any allowance for profit or return upon the value of the property used in such production.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465b, 465c, and 466b, "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

788. POWER EXCHANGED — BALANCE.

If a company actually exchanges power with another company, it shall charge to this account the value of the power received from the other company and credit to this account the value of the power it delivers to the other company, and the amount shown as an operating expense shall be the net debit or credit balance.

789. OTHER OPERATIONS — DR.

Charge to this account the proportion of operating expenses chargeable to Conducting Transportation, but defrayed in the first instance by another coördinate department (such as electric light, heat, power, or gas) within the same corporation.

790. OTHER OPERATIONS — CR.

Credit to this account the proportion of the Conducting Transportation expense chargeable to other coördinate departments of the accounting corporation, but defrayed in the first instance by the street railroad department.

791. JOINTLY PRODUCED POWER — CR.

When any power is produced by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the expense of production, the portion of such expense assignable to Conducting Transportation chargeable to such others under the arrangement shall be credited to this account. If the arrangement provides for a return upon capital in addition to the proportion of the operating expenses, such return upon capital shall not be included in this account, but shall be credited to revenue account No. 466b, "Joint Electric Power Revenue".

Group II: Operation of Cars.

801. CONDUCTORS, MOTORMEN, AND OTHER TRAINMEN.

Charge to this account all matters provided for under the following heads: **PASSENGER MOTORMEN, CONDUCTORS, AND TRAINMEN:** This head includes the wages of the following classes of employees engaged in passenger service:

- a. PASSENGER MOTORMEN.
- b. PASSENGER CONDUCTORS.
- c. HORSE CAR DRIVERS.

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d. OTHER PASSENGER TRAINMEN, including guards, brakemen, ticket collectors, student motormen, and other passenger trainmen while engaged in passenger service.

FREIGHT AND EXPRESS MOTORMEN AND OTHER TRAINMEN: This head includes the wages of conductors, motormen, and other trainmen while engaged in freight, express, and mail service.

NOTE.—Charges to this account will be required to be analyzed in the annual reports of the corporation to the Public Service Commission in accordance with the prescribed heads.

804. MISCELLANEOUS TRANSPORTATION EXPENSES.

Charge to this account all matters provided for under the following heads:

MISCELLANEOUS CAR SERVICE EMPLOYEES AND EXPENSES: This head includes the following matters:

e. MISCELLANEOUS CAR SERVICE EMPLOYEES: The wages of transfer agents, switch tenders, switchmen, flagmen, watchmen, trail-car couplers, bridge tenders, and other miscellaneous car service employees.

f. MISCELLANEOUS CAR SERVICE EXPENSES: All expenses for lubricants and waste for cars and electric equipment of cars; incandescent lamps, oil, and other supplies for lighting cars; supplies for cleaning cars; fuel for heating cars; tools and other materials and supplies, except such as are used for repairs or renewals of cars or electric equipment of cars; cost of tickets, transfers, and baggage checks; secret inspection; conductors' books; punches; portable registers; tools for motormen; car service employees' badges and uniforms, and all other car service supplies and expenses.

STATION EMPLOYEES AND EXPENSES: This head includes the following matters:

g. STATION EMPLOYEES: The wages of stationmaster, freight, express, ticket, baggage, and other station agents; announcers; station gatemen; choppers; platform men; janitors, porters, watchmen, and other station employees; warehousemen; freight house foremen; truckmen, checkmen, and other express and freight house employees.

h. STATION EXPENSES: All expenses for heating and lighting stations, waiting rooms, freight houses, and other station buildings; furniture; tools, and implements for handling freight and baggage; station employees' uniforms and badges; water, ice, and all other passenger and freight station expenses.

CAR HOUSE EMPLOYEES AND EXPENSES: This head includes the following matters:

i. CAR HOUSE EMPLOYEES: The wages of car house foremen, watchmen, car placers, car shifters; car, motor, and brake inspectors; car cleaners, lamp and headlight tenders, car oilers, car-stove firemen, trolley oilers, and other car house employees not engaged in making repairs or renewals.

NOTE.—The cost of labor used in shifting trucks and electric equipment should be not charged to this account, but to accounts Nos. 744 or 749. "Repairs of Cars and Locomotives," or "Repairs of Car and Locomotive Electric Equipment".

j. CAR HOUSE EXPENSES: The cost of fuel, light, water, ice, and all other car house supplies and expenses.

OPERATION OF SIGNAL AND TELEPHONE SYSTEMS: This head includes the following matters:

K. OPERATION OF SIGNAL AND INTERLOCKING SYSTEMS: The wages of employees engaged in operating signal and interlocking systems covering the movement of cars, such as towermen, signalmen, levermen, and lampmen; cost of supplies used in operating signal and interlocking systems; cost of fuel, water, light, and supplies for signal officers; also rent of appliances for signal and interlocking systems.

L. OPERATION OF TELEPHONE AND TELEGRAPH SYSTEMS: The wages of telephone and telegraph operators; cost of chemicals and other supplies for telephone and telegraph service; payments for use of telephone and telegraph lines, and other telephone and telegraph expenses in connection with transportation.

NOTE A.—Repairs and renewals of telephone and telegraph systems should not be charged to this account, but to account No. 715, "Other Repairs of Way," under the head of "Telephone and Telegraph Repairs".

NOTE B.—The cost of telephone service for general purposes should be charged to account No. 8881, "General Administration," under the head of "Miscellaneous General Expenses".

EXPRESS AND FREIGHT COLLECTIONS AND DELIVERY: This head includes the wages of drivers and helpers employed on wagons which are used for the collection and delivery of express matter; amounts paid for handling express matter in wagons or other vehicles, and other expenses incident to the collection and delivery of express matter not includible in accounts No. 752, "Miscellaneous Equipment Expenses," and No. 5349, "Store and Stable Expenses".

LOSS AND DAMAGE: This head includes all expenses for loss, damage, delays, and destruction of freight, express, and baggage entrusted to the carrier for transportation, and all expenses directly incident thereto.

OTHER TRANSPORTATION EXPENSES: This head includes the cost of getting derailed cars on track and removing obstructions and wreckage, and all other expenses in connection with Conducting Transportation not properly chargeable to other accounts.

NOTE.—Charges to this account will be required to be analyzed in the annual report of the corporation to the Public Service Commission in accordance with the heads above prescribed.

820. JOINT OPERATION OF CARS — DR.

When any rolling stock is operated by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the expense thereof assignable to Conducting Transportation, the portion of such expense to be met by the accounting corporation shall be charged to this account. The portion so charged must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 465d, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

821. JOINT OPERATION OF CARS — CR.

When any rolling stock is operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the expense thereof assignable to Conducting Transportation, the portion of such

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expense chargeable to such others under the arrangement shall be credited to this account. The portion so credited must not include any allowance for profit or return upon such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 463a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

V. GENERAL AND MISCELLANEOUS.

831. GENERAL ADMINISTRATION.

Charge to this account all matters provided for under the following heads:

GENERAL OFFICERS AND GENERAL OFFICE CLERKS: This head includes the following matters:

a. SALARIES AND EXPENSES OF GENERAL OFFICERS: The salaries and traveling and incidental expenses of the chairman of the board, president, vice-president, treasurer, secretary, comptroller, auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system, and whose services can not be satisfactorily allocated to the several departments; also fees, salaries, and expenses of receivers.

b. SALARIES AND EXPENSES OF GENERAL OFFICE CLERKS: The salaries and traveling and incidental expenses of traveling auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, tickets, and transfers, and all other clerks employed in the general office.

GENERAL OFFICE SUPPLIES AND EXPENSES: This head includes the cost of office supplies, repairs of office furniture and renewals of such furniture as has not been capitalized; wages of janitors, porters, and messengers; rent of rooms in office buildings, repairs of such rented rooms, and all other miscellaneous expenses of general offices. Office expenses of departmental officers must be charged to the proper departmental accounts.

NOTE.—Rents charged to this account under this head will be required to be reported separately.

GENERAL LAW EXPENSES: This head includes all law expenses except those incurred in the defense and settlement of damage claims. This covers salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense and settlement of damage suits and partly in other legal work, should be properly apportioned between this account and account No. 8847, "Injuries to Persons and Property".

MISCELLANEOUS GENERAL EXPENSES: This head includes the cost of telephone service, telegrams, and other miscellaneous expenses connected with the general management not otherwise provided for.

8888. INSURANCE.

Charge to this account premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

NOTE.—In their reports to the Public Service Commission, carriers will be required to report the charges made to this account for the various kinds of insurance, and for self-insurance.

S839. RELIEF DEPARTMENT AND PENSIONS.

Charge to this account all matters provided for under the following heads:

RELIEF DEPARTMENT EXPENSES: This head includes all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

PENSIONS: This head includes all pensions paid to retired employees, and expenses in connection therewith.

S842. GENERAL AMORTIZATION.

Charge to this account at the close of each fiscal period and credit to the reserve account No. 374, "Accrued Amortization of Capital" such amount as is attributable to the period in respect of amortization of intangible capital not assignable to Maintenance of Way and Structures or to Maintenance of Equipment. This includes such matters as amortization of limited franchises, amortization of organization, etc.

S843. OTHER OPERATIONS — Dr.

Charge to this account the proportion of general expense chargeable to the street railroad department, but defrayed in the first instance by another coordinate department (such as electric light, heat, power, or gas) within the same corporation.

S844. JOINT GENERAL EXPENSE — Dr.

When any road or equipment is maintained or operated by another person or company for the joint benefit of the accounting corporation and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the general expenses, the portion of such expenses to be met by the accounting corporation shall be charged to this account. The portion so charged must not include any allowance for profit or return upon the value of such property.

NOTE.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

S845. OTHER OPERATIONS — Cr.

Credit to this account the proportion of general expenses chargeable to other coordinate departments (such as electric light, heat, power, or gas) within the same corporation, but defrayed in the first instance by the street railroad department.

S846. JOINT GENERAL EXPENSE — Cr.

When any road or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the general expenses, the portion of such expenses chargeable to others under the arrangement shall be credited to this account. The portion so credited must not include any allowance for profit or return upon the value of such property.

NOTE A.—The foregoing should be read in connection with the definitions of revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

nals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

NOTE B.—In the case of the production of power part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to revenue account No. 468a, "Sale of Power," and on the part of the paying company is to be charged to the expense account No. 786, "Power Purchased".

8847. INJURIES TO PERSONS AND PROPERTY.

Charge to this account all matters provided for under the following heads:

ACCIDENTS AND DAMAGES: This head includes all expenses (other than law expenses provided for under the succeeding head) on account of persons killed or injured and property damaged in connection with the operation of the road, as below classified; these classes must be separately shown in annual reports to the Public Service Commission:

a. *Claim Department Expenses:* Salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

b. *Medical Expenses:* Salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

c. *Injuries to Employees:* Amounts paid in settlement of claims of employees for injuries arising in the course of their employment; also wages paid to disabled employees while off duty.

d. *Other Personal Injuries and Property Damages:* Amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the road; also amounts paid in settlement of claims for damages to horses, vehicles, and other property not owned by the accounting corporation and not in its possession for purposes of transportation.

e. *Other Accident Expenses.*

NOTE A.—Expenses incurred in connection with the settlement of claims for loss, damage, or delay of goods entrusted for transportation are chargeable to account No. 804, "Miscellaneous Transportation Expenses," under the head of "Loss and Damage".

NOTE B.—If it is desired that the charge to operating expenses on account of injuries and damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 881, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

LAW EXPENSES CONNECTED WITH DAMAGES: This head includes all law expenses in connection with the defense or settlement of damage claims, classified as follows:

f. *Salaries and Expenses of Attorneys:* A proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work.

g. *Court Costs and Expenses:* Fees of court stenographers, expenses connected with taking depositions, and other court expenses.

h. *Law Printing:* Cost of law books, and cost of printing briefs, court records, and similar papers.

NOTE A.—In their annual reports to the Public Service Commission, corporations will be required to classify the charges under this head in accordance with the classes (f), (g), and (h), above given.

NOTE B.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account No. 8831, "General Administration," under the head "General Law Expenses".

NOTE C.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 881, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

8848. GENERAL STATIONERY AND PRINTING.

Charge to this account all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing tickets, transfers, and baggage checks shall be charged to account No. 804, "Miscellaneous Transportation Expenses," under the head of "Miscellaneous Car Service Employees and Expenses".

The cost of printing briefs and other legal papers shall be charged to account No. 8831, "General Administration," under the head of "General Law Expenses," or No. 8847, "Injuries to Persons and Property" (under the head of "Law Expenses Connected with Damages"), in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter shall be charged to account No. 770, "Traffic Expenses".

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized shall, if for use in general offices, be charged to account No. 8831, "General Administration" (under the head of "General Office Supplies and Expenses"); or if for the use of departmental officers, to the proper departmental accounts.

8849. STORE AND STABLE EXPENSES.

Charge to this account all matters provided for under the following heads:

STORE EXPENSES: This head includes all salaries and expenses in connection with storerooms, including cost of sending material and supplies from general storerooms to branch storerooms, and the collection of scrap material.

STABLE EXPENSES: This head includes the cost of feed, keep, and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses not used in the operation of revenue cars.

NOTE.—The cost of horses purchased to replace others should be charged to account No. 205, "Miscellaneous Equipment". Repairs of harness and vehicles should be charged to account No. 752, "Miscellaneous Equipment Expenses".

8852. UNDISTRIBUTED ADJUSTMENTS — BALANCE.

At least once a year an inventory of materials and supplies shall be taken, and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account in case it can not be assigned to a specific account. Credit to this account all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NOTE.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to account No. 8285, "Miscellaneous Construction Expenditures".

17. Expenses of Outside Operations.—The detailed expense accounts for other than street railroad operations will be elsewhere provided for.

18. **Tax accounts.**—An account shall be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account shall be appropriately entitled (as *e. g.*, "Taxes Assignable to Street Railroad Operations," "Taxes Assignable to Non-operating Revenues," etc.), and shall be so kept as to show separately the following:

State Franchise Tax on Capital Stock,
State Franchise Tax on Gross Earnings,
Special Franchise Tax,
Taxes on Land (exclusive of improvements),
Taxes on Improvements on Lands,
Taxes on Personal Property,
Other Taxes (showing in detail).

To each tax account there shall be charged monthly the amount of taxes accruing during the month, and such amount shall be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any month shall, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter shall be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be \$600 for the year, the monthly charge on account of such tax should be \$50 until the amount of the levy becomes known. If during, say the fifth month, it is found that the levy for the year is \$640, there will already have been charged up four months at \$50 per month, leaving \$440 to be charged during the remainder of the year, or \$55 for the fifth month and each month thereafter during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Public Service Commission.

19. **Definitions of Non-operating Revenue accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

S901c. RENTS ACCRUED FROM LEASE OF ROAD.

Credit to this account monthly as they accrue all revenues flowing to the corporation from its interests in road or equipment held by others under some form of lease whereby it surrenders possession of such property. This account contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts nor to any of its expense accounts.

S901d. MISCELLANEOUS RENT REVENUES.

Credit to this account monthly as they accrue all miscellaneous rent revenues flowing to the corporation as a return upon leased property other than road and equipment. Such revenues shall be classified as follows:

Leasehold Revenues: That is to say, all revenues flowing to the corpora-

tion from its interests in property held by others under any lease the entire term of which is greater than one year. This contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts nor to any of its expense accounts.

Other Rent Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease or contract for a term not to exceed one year from the beginning of the term, or held at will or upon sufferance. This account contemplates that the taxes on property of this character shall be paid by the landlord and charged to the appropriate tax account. If under the contract covering the holding for terms of one year or less, or at will, the taxes are to be paid by the tenant, the amount of such taxes shall be credited month by month to this account as they accrue, and shall correspondingly be charged to the tax account covering taxes on property of this character.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

902. INTEREST REVENUES.

Credit to this account monthly as it accrues all —

Interest from Bound Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing bound investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Free Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Other Sources: That is to say, all interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the two foregoing heads, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

903. DIVIDEND REVENUES.

Credit to this account at their cash value and as of the date when collectible, all —

Dividends on Bound Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its bound investments.

Dividends on Free Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its free investments.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

904. PROFITS FROM OPERATIONS OF OTHERS.

Whenever, in accordance with the terms of any contract, the corporation is entitled to participate in the profits resulting from the operations of others,

all revenues accruing to the corporation from such source shall be credited to this account.

NOTE.—This account does not include any dividends on stocks. Such dividends should be credited to account No. 903, "Dividend Revenues".

905. MISCELLANEOUS NON-OPERATING REVENUES.

To this account shall be credited all non-operating revenues accruing to the corporation and not provided for in any of the foregoing accounts.

20. Definition of Non-operating Revenue Deductions account.—To an account entitled "Non-operating Revenue Deductions" shall be charged all matters provided for under the following sub-accounts:

a. RENT EXPENSE: This sub-account includes all matters provided for under the following two heads:

Leasehold Expense: That is to say, all expense arising in connection with the procuring of revenues from leaseholds having terms greater than one year, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such leaseholds. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This head includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as reparable wear and tear. It does not include taxes.

Other Rent Expense: This head is analogous to the preceding head "Leasehold Expense," and differs from that only in that this provides for expense in connection with property let for a term of one year or less.

b. INTEREST EXPENSE: This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

c. DIVIDEND EXPENSE: This sub-account includes all expenses arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

d. OTHERS' OPERATIONS EXPENSE: This sub-account includes the cost of negotiating contracts whereunder the corporation is to participate in profits resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

e. MISCELLANEOUS NON-OPERATING EXPENSE: This sub-account includes all non-operating expense (as hereinbefore defined) which is not provided for in the foregoing sub-accounts.

f. NON-OPERATING TAXES: This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

g. UNCOLLECTIBLE NON-OPERATING REVENUES: When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof

shall be credited to the account in which theretofore charged, and charged to the account "Non-operating Revenue Deductions" under the head of "Uncollectible Non-operating Revenues".

NOTE.—In annual reports to the Public Service Commission this account will be required to be fully analyzed.

21. Income Deductions.—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by the operating expenses, the taxes, and the uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly for the non-operating revenues, the non-operating expenses, and the non-operating taxes.

The aggregate of the incomes from the several operations and the non-operating income is the gross income applicable to corporate and leased properties. As has before been said, the gross income is, in the usual case, subject to various compulsory deductions, and these are hereinafter called *Income Deductions*.

22. Definitions of Income Deduction accounts.—In the following definitions the letters and numbers prefixed to the titles of the several accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

921. INTEREST DEDUCTIONS.

Charge to this account monthly (or as otherwise below directed) all matters provided for under the following five heads:

Absolute Interest Accrued on Funded Debt: This head includes all interest accruing absolutely on the outstanding funded debt of the corporation.

Contingent Interest Accrued on Funded Debt: This head includes, when the contingency occurs, all interest accruing contingently on the outstanding funded debt of the corporation. This includes such matters as interest on income bonds.

Interest Accrued on Receiver's Certificates: This head includes all interest accruing on receiver's certificates which are liens upon the property of the corporation or any part of it.

Interest Accrued on Other Unfunded Debt: This head includes all interest accruing on all unfunded debt of the corporation except receiver's certificates.

Interest Accrued on Debenture Stocks: This head includes all interest accruing on the outstanding debenture stocks of the corporation.

Entries in the account "Interest Deductions" must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

922c. RENT FOR LEASE OF OTHER ROAD AND EQUIPMENT.

Charge to this account monthly all amounts accrued against the accounting corporation for rent of road and equipment which it holds under some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such road and equipment shall be charged, not to this account, but to the appropriate Taxes account. If such taxes are (under the contract of lease) payable by the lessor or reversioner, they shall be credited to this account and charged to the appropriate Taxes account. Such taxes, when paid by the lessor or reversioner, shall be charged to its rent revenue account and not to its Taxes account, to the end that

taxes upon such road and equipment shall be reported by the corporation in possession.

922. OTHER RENT DEDUCTIONS.

Charge to this account the matters provided for in the following sub-accounts:

d. TRACK AND TERMINAL PRIVILEGES: This sub-account includes all payments to other companies for rent or use of their tracks and terminals (including terminal facilities) when on the basis of a fixed charge per month or per year, regardless of the expense of operation and maintenance of such tracks and terminals, or when on the basis of a fixed charge per car-mile, per passenger-mile, per car, per passenger, or other unit of like character.

NOTE.—Where the charge is based on a proportion of operating expenses and upon the value or cost of the property of the creditor company, the operating expense portion shall be charged to the appropriate operating expense accounts, and the return on the value or cost of the property shall be charged to the sub-account "Joint Facility Rents". (See paragraph *f* below.)

e. HIRE OF EQUIPMENT: This sub-account includes all sums chargeable to the accounting corporation for the use of equipment of other carriers while temporarily on its lines, where the contract provides for a charge not dependent on the expense of operating and maintaining such equipment.

f. JOINT FACILITY RENTS: Where any way, structure, or equipment is maintained or operated by another carrier or company for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such way, structure, or equipment, over and above depreciation and other expense of maintenance and operation, such pure rent, or profit, or return upon property shall be charged to this sub-account.

NOTE.—This should be read in connection with revenue accounts Nos. 465a, 465b, 465c, and 466b, "Rent of Tracks and Terminals," "Rent of Equipment," "Rent of Buildings and Other Property," and "Joint Electric Power Revenue".

g. MISCELLANEOUS RENT DEDUCTIONS: This sub-account includes all miscellaneous rents payable not elsewhere provided for.

NOTE A.—Rents for furnished offices (and for office rooms in office buildings heated and lighted by the landlord) should not be charged to this account, but to the appropriate expense account.

NOTE B.—Entries in this account must be made in such wise as to permit an analysis in the annual report of the corporation in accordance with the sub-accounts above defined.

923. SINKING FUND ACCRUALS.

Charge to this account month by month all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

924. GUARANTEE OF PERIODIC PAYMENTS.

Charge to this account all unsecured accruals of obligations arising under contracts whereby the corporation has guaranteed the annual or more frequent periodic payment of money or performance of other obligation on the

part of another corporation or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This account does not include such matters as guaranties of payment of principal of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the unsecured portion thereof shall be charged to this account.

925. LOSS ON OPERATIONS OF OTHERS.

Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged to this account.

926. OTHER CONTRACTUAL DEDUCTIONS FROM INCOME.

Charge to this account month by month all contractual liabilities arising from annual or other more frequent periodic matters and not includible in any of the foregoing accounts. This account includes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

927. AMORTIZATION OF LANDED CAPITAL.

Charge to this account at the close of any fiscal period such proportion of the original money cost (estimated if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account shall be concurrently credited to account No. 874, "Accrued Amortization of Capital".

NOTE B.—When any landed capital expires or is otherwise retired from service (as *e. g.*, through sale), the capital account or other indicant account (if any) originally charged therewith shall be credited with the amount originally charged, the account "Accrued Amortization of Capital" shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

928. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE.

Charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to account No. 939, "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

929. AMORTIZATION OF PREMIUM ON DEBT — CR.

Credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the

maturity of any debt will completely amortize or wipe out the premium at which such debt was issued, and may at the option of the corporation be effected by crediting all or any portion of such premium to account No. 931b, "Other Additions to Surplus," only upon the maturity of the debt.

23. Appropriations.—The balance resulting from closing the foregoing Income Deduction accounts for any fiscal period into Gross Income for that period gives the Net Corporate Income for the period. The net corporate income being of the same nature as the corporate surplus shall be closed into the "Corporate Surplus or Deficit" account. The group of accounts which show for any fiscal period the changes in the "Corporate Surplus or Deficit" account are designated the "Appropriation" accounts, for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period each of the "Appropriation" accounts shall be closed into the "Corporate Surplus or Deficit" account.

24. Definitions of Appropriation accounts.—In the following definitions of the Appropriation accounts the letters and numbers prefixed to the titles of the accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

931a. BAD DEBTS COLLECTED.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

931b. OTHER ADDITIONS TO SURPLUS.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

932. EXPENSES ELSEWHERE UNPROVIDED FOR.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc.; fines levied on directors, officers, and other employees and assumed by the corporation; donations to funds, to churches, and other associations, and other like expenses and outgoes.

933. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall thereupon be charged to this account. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

934. AMORTIZATION ELSEWHERE UNPROVIDED FOR.

Charge to this account such amortization as is not elsewhere provided for. This account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

935. APPROPRIATIONS TO RESERVES.

Charge to this account all optional appropriations to reserves.

936. GIFTS TO CONTROLLED CORPORATIONS.

Charge to this account all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

937. OTHER APPROPRIATIONS.

Charge to this account all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

938. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as have been provided for in the heretofore defined "Uncollectible Bills" account must not be included in this account.

939. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

SCHEDULE C.

CLASSIFICATION OF CAR-MILES, CAR SEAT-MILES, AND CAR-HOURS.

1. Definitions of Car-miles and Car Seat-miles accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

Y1. PASSENGER CAR-MILES—ACTIVE.

This account includes miles run by revenue earning cars for the transportation of passengers (including combination passenger and baggage, mail or express cars) between the termini of regular routes or over portions of such routes.

The record of passenger car-miles—active, shall be kept for each car route, and shall show for each route the length of the route in miles and hundredths of a mile, and for each day the number of cars operated full time, the number of trippers, and the number of trips. The cars shall be divided into classes according to their seating capacities, and the seating capacity of each class multiplied into the number of miles run by that class on the particular route, the resultant being the "seat-miles" on each such route for a given day.

Y2. PASSENGER CAR-MILES—IDLE.

This account includes miles run by revenue earning passenger cars (or combination passenger and baggage, mail or express cars) between the car house and the initial route terminal. This record shall be kept for each car house.

Y3. SPECIAL PASSENGER CAR-MILES.

This account includes miles run by chartered passenger cars over regular or special routes, reckoning from the time such cars leave the car house until they complete the trip.

Y4. MAIL CAR-MILES.

This account includes miles run by cars to transport mail, when not carrying passengers, reckoning from the time such cars leave the car house.

NOTE.—This account must not include any miles run by combination cars for the purpose of carrying passengers, even though such cars also carry mail. Miles run by such cars are provided for in accounts Nos. Y1 and Y2, "Passenger Car-miles—Active," and "Passenger Car-miles—Idle".

Y5. EXPRESS CAR-MILES.

This account includes miles run by cars in the express service, reckoning from the time such cars leave the car house. The account shall show the number of miles run under load and miles run empty.

Y6. FREIGHT CAR-MILES.

This account includes all miles run by cars in freight service, loaded and empty car-miles being separately recorded.

Y7. MIXED CAR-MILES.

This account includes all miles run by combination mail, express, and freight cars, shown separately for loaded and empty cars.

Y8. NON-REVENUE CAR-MILES.

This account includes miles run by company service cars, including work cars, sand cars, sprinklers, snow-plows, sweepers, wrecking cars, etc.

Y9. ELECTRIC LOCOMOTIVE-MILES.

This account includes all miles run by electric locomotives, whether revenue or non-revenue, or loaded or light.

2. **Classification of Car-hours.**—A record of the time that cars are in service shall be kept for the following classes of cars, corresponding to the classification of car-miles:

*Passenger Cars (Active and Idle), on each car route,
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UNIFORM SYSTEM OF ACCOUNTS
AS ESTABLISHED FOR ELECTRICAL CORPORATIONS.

ADOPTED OCTOBER 21, 1908; EFFECTIVE JANUARY 1, 1909.

STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION, SECOND DISTRICT.
At a session of the Public Service Commission, Second
District, held at the Capitol, Albany, on the 21st
day of October, 1908.

Present:

FRANK W. STEVENS, Chairman,
THOMAS M. OSBORNE,
MARTIN S. DECKER,
JAMES E. SAGUE,
JOHN B. OLMSTED,
Commissioners.

Ordered: That, except as hereinafter provided:

1. On and after January 1, 1909, every electrical corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule A", so far as the said accounts are pertinent to the facts and circumstances of the said corporation. The term electrical corporation is used herein in the sense defined in the Public Service Commissions Law.

2. On and after the date of service of this order on any such electrical corporation, such corporation shall not charge to any account representing cost of property any discount or commission on securities issued by the said corporation, but shall charge all such discounts, commissions, and other expense connected with the issue of securities subsequent to the said date of service, in accordance with the directions contained in the definitions of the account named Organization, and the account named Unamortized Debt Discount and Expense, in the said "Schedule A".

3. On and after January 1, 1909, every said electrical corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule B", so far as the same are pertinent to the facts and circumstances of the said corporation.

4. During the year beginning January 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun January 1, 1908; provided that on or before January 1, 1909, there be filed with the Public Service Commission a statement containing a list of the said accounts pertaining to the year begun January 1, 1908, and definitions of such accounts.

5. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary, experimental, or divisional account, the said corporation shall file with the Public Service Commission, at least ten days in advance of the time when

the said account is to be instituted, a statement showing the name of the said account, the date when it is to be instituted, the purpose for which it is to be kept, the period of time during which it is to be kept, and a clear and accurate definition of the classes of items and facts to be contained in the said account; and in case of a divisional account, the definition of the division covered. Upon compliance with the provisions of this paragraph, any account herein prescribed or defined in either said "Schedule A" or said "Schedule B" may be subdivided.

6. All notices herein required to be filed concerning accounts shall be upon sheets 9½ inches by 12 inches in size, and shall be entitled in the name of the corporation filing said notices, followed by a brief statement of the character of the accounts covered by the notice.

SCHEDULE A.

BALANCE SHEET OR INDICANT ACCOUNTS.

1. **Electrical Corporations and Electric Operations defined.**—Section 2 of the Public Service Commissions Law defines *electrical corporation* as follows:

§ 2. . . . The term "electrical corporation" . . . includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever (other than a railroad or street railroad corporation generating electricity for its own use exclusively), owning, operating, managing or controlling any plant or property for generating and distributing, or generating and selling for distribution, or distributing electricity for light, heat or power or for the transmission of electric current for such purposes.

Electric operations, as the term is hereinafter used, include all acts and transactions directly connected with the operation of a plant for the production of electric energy, the transmission thereof and the supply thereof to consumers for light, heat, or power, and all operations incident thereto, including the collection of revenues therefor and the disposition of byproducts produced in connection therewith.

2. **Accounts to be kept by double-entry method.**—All accounts kept by any corporation or person within the scope of the present order shall on and after January 1, 1909, be kept by the double-entry method.

Note.—This requirement is not intended to apply to purely statistical accounts.

CAPITAL ACCOUNTS.

3. **Capital defined.**—As the term is used herein, by *capital* of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. **Fixed Capital defined.**—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen¹) is called *fixed capital*.

5. **Floating Capital defined.**—Capital other than fixed capital is called *floating capital*.

6. **General Capital and Departmental Capital defined.**—Fixed capital is divisible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the use of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

¹Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

7. **Landed Capital and Non-landed Capital defined.**—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called *non-landed capital*.

8. **Intangible and Tangible Capital distinguished.**—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible property within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses.¹

9. **Further Classification of Capital.**—Capital is also divisible into *original capital*, *additions*, *betterments*, and *renewals* and *replacements*, as defined below. Charges to capital accounts shall show these divisions as set forth in paragraph 21, *infra*.

10. **Original Capital defined.**—*Original Capital* is that put into service at the outset of an enterprise.

11. **Additions defined.**—*Additions* include additional structures, facilities, or equipment not taking the place of anything previously existing.

12. **Betterments defined.**—*Betterments* include the enlargement or improvement of existing structures, facilities, and equipment.

13. **Renewals defined.**—*Renewals* include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. **Replacements defined.**—*Replacements* include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When a substitute has a substantially greater capacity than that for which it is substituted, the cost of substitution of one of the same capacity as the thing replaced should be charged as a replacement, and the remaining portion of the cost of the actual substitute should be charged as a betterment.

15. **Repairs defined.**—When through wear and tear or through casualty it becomes necessary to replace some part of any structure, facility, or unit of equipment, and the *extent of such replacement does not amount to a substantial change of identity* in such structure, facility, or unit of equipment, the replacement of such part is to be considered a *repair*, and the cost of such repair is to be treated as an operating expense and must not be charged as a replacement in any capital account.

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

16. **First entries must enable identification.**—Throughout all capital accounts, the first entry in respect of any particular thing shall describe it with such particularity as to enable its identification, and shall give it a distinguishing name, number, or other designation by which it shall thereafter be designated in every entry in any capital account which in any way concerns it. In the case of continuous structures like railroad track, or electric line, or pipe line, such structures shall be itemized to the extent that no item shall contain more than one operating division or more than one type of construction, and the entry in relation to any item shall describe the size, weight, type, and other principal physical characteristics of the chief constituent parts, together with their spacing if discontinuous.

17. **Costs of new capital to be actual money costs.**—All charges made to capital or other accounts on or after January 1, 1909, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

18. **Discounts upon securities not to be charged to capital accounts.**—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

19. **Costs of labor, materials, and supplies.**—Cost of labor (employed in construction) includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of material and supplies consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

20. **Withdrawals or retirements.**—When anything is withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

21. **Particulars required to be shown in entries.**—Every charge made to a capital account on or after January 1, 1909, shall show whether the thing in respect of which the charge is made is original capital, or an addition, a betterment, a renewal, or a replacement. If the thing is a betterment, the entry shall designate the thing enlarged or improved and shall cite by name and page of book or other record the original entry of cost of such thing enlarged or improved. If the thing to which any charge hereafter made re-

lates is a renewal or a replacement, the entry made in respect thereof shall designate the thing renewed or replaced and shall cite by name and page of book or other record the original entry or entries of cost of such thing renewed or replaced. If there is no entry in the accounts of the corporation showing the cost (to the corporation) of the thing bettered, renewed, or replaced, that fact shall be stated in the entry describing the betterment, renewal, or replacement, and the original cost of such thing to the corporation shall be stated. Such cost shall be estimated if not known, and when estimated the basis of such estimation shall be shown.

22. Betterments involving partial destruction of thing bettered.—If any betterment involves the partial destruction or partial reconstruction of the thing bettered, only such portion of the cost of the change shall be charged as a betterment as will when added to the original cost (estimated if not known) of the thing bettered give the cost of reconstruction or replacement of the thing as bettered, and the remainder of the cost of the change (account being taken of any salvage) shall be charged to the appropriate repair account.

E. g., a building, original cost unknown but estimated to be \$15,000, is bettered by the construction of an elevator shaft, and its stairways are modified so as to be fireproof; the actual expenditure for these changes is \$3,000; the estimated cost of replacement of the building (as modified) with one equally serviceable and with an equal expectation of life is \$18,000; the charge to capital account as a betterment should be \$1,000, and the remainder (\$2,000) of the expenditure should be charged to the appropriate repairs account.

23. Plant and equipment and other capital purchased.—When any fixed capital in the form of a going or completed plant is purchased, an appraisal of such capital so acquired shall be made, and the different constituent elements of the plant (and equipment, if any) or other capital acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence, and inadequacy. If the actual money value of the consideration given for the plant or other capital was at the time of the acquisition in excess of such appraised value, the excess shall be charged to the account "Other Intangible Electric Capital," and the appraised values of the constituent elements shall be charged to the appropriate accounts as designated in the following definitions of accounts for fixed capital. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each plant or other such fixed capital purchased, will be required to be made to the Public Service Commission, and the purchaser will be required to procure in connection with the acquisition of any such plant or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such plant, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

24. Definitions of Fixed Capital accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

E100. FIXED CAPITAL, DECEMBER 31, 1908.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to electric operations as such capital stood at the close of December 31, 1908. Such charges shall be made at the figures at which such capital was carried on the books of the said person or corporation on that date. When any capital included in such account is retired from service, the amount at which it is charged therein shall be credited to this account; the amount of depreciation or other amortization thereon applicable to the period subsequent to December 31, 1908, shall be charged to account No. 374, "Accrued Amortization of Capital," proper account shall be taken of any salvage, and the remainder of the amount originally charged to capital shall be concurrently charged to the Corporate Surplus or Deficit account (or equivalent account carried on the books on December 31, 1908), unless there was carried on the books at that date a reserve to cover retirement of capital from service, in which case the said concurrent charge shall be made to such retirement reserve account. If the amount at which the said capital in service on December 31, 1908, and subsequently retired from service, was included in the said account is not disclosed on the books and records of the accounting person or corporation and is not within the knowledge of such person or corporation or officers or other employees thereof, it shall be estimated, and such estimated amount shall be treated as is above directed for the actual amount, the fact of estimation being stated in the entry.

NORM.—Corporations will be required to carry as sub-accounts of the account "Fixed Capital, December 31, 1908," the several accounts on their books on that date which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

The following capital accounts are prescribed for transactions subsequent to December 31, 1908:

E110. LAND DEVOTED TO ELECTRIC OPERATIONS.

Charge to this account the cost of the accounting corporation's landed capital which is devoted to electric operations as hereinbefore defined. This includes land occupied by generating stations and their appurtenances, rights of way for transmission and distribution lines and other electric operations; also those for canal and pipe lines, water rights, and rights of pondage, flowage, and submersion, where such rights have lives in excess of one year from the date when such land is placed in service. Such cost includes, when assumed or paid by the purchaser in its own behalf, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired; also costs of obtaining consents and payments for abutting damages.

NORM A.—Cost of buildings and other improvements must not be included in this account.

NORM B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to its electric operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the

appropriate structures account, and excluded from the account "Land Devoted to Electric Operations". If such improvements are not devoted to electric operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land Devoted to Electric Operations". The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Public Service Commission the subdivision of the cost of its land devoted to electric operations into the following:

- Land Occupied by Generating Stations.
- Land Occupied by Outside Sub-stations.
- Water Rights.
- Other Land Devoted to Electric Operations.

101. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiation and issue of stock thereunder, shall be classed as additions. Cost of preparing and filing certificates of amendment of articles of incorporation shall be classed as a betterment. Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classed as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

E102. FRANCHISES (ELECTRIC).

To this account shall be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" (section 69 of the Public Service Commissions Law) as is necessary to the conduct of the corporation's electric operations. If any such franchise is acquired by mesne assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Electric Capital". If any such franchise has a life of *not more than one year after the date when it is placed in service*, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments" if extending beyond the fiscal year.

Payments made to the State or to some subdivision thereof as a consideration for granting an extension for more than one year of the life period of a franchise shall be classed as renewals. Those made as a consideration for

franchises or extensions thereof covering additional territory to be operated as a part of an existing system shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NOTE.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

E103. PATENT-RIGHTS (ELECTRIC).

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's electric operations. If any such right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent-right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

E104. OTHER INTANGIBLE ELECTRIC CAPITAL.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to electric operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

E121. GENERAL STRUCTURES.

Charge to this account the cost of all buildings and other structures of a permanent character devoted to general corporate purposes, not restricted to electric operations and not includible in any of the departmental accounts; also of all fixtures permanently attached thereto and made a part thereof, such as water pipes and fixtures, steam pipes and fixtures for warming and ventilating, gas pipes and fixtures for lighting, etc., electric wiring and fixtures for lighting, signaling, etc.; elevators, etc., and the engines and motors specially provided for operating them; furnaces, boilers, etc., specially provided for producing steam for such engines and for heating, electric generators specially provided for producing current for lighting such buildings, etc. This account includes such piers and other foundations for machinery and apparatus as are designed to be as permanent as the buildings in (or in connection with) which they are constructed, and to outlast the first machinery or apparatus mounted thereon.

NORM A.—Among such buildings may be mentioned general office buildings, general shop buildings, general storehouses, general stable buildings, etc. Where general offices, shops, storehouses, stables, etc., are in buildings includible in a departmental account, as *e. g.*, in a power station building, no part of the cost of such building shall be charged to this account. This account is provided for structures of a general or miscellaneous character not assignable to any particular department.

NORM B.—When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a general building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate departmental capital account, and no part to the account "General Structures".

NOTE C.—The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, should be charged to the same account as is the cost of the machinery or apparatus for which they are provided.

E122. GENERAL EQUIPMENT.

Charge to this account the cost of all equipment of general structures, as provided under the following heads:

a. General Office Equipment: This includes the cost of all equipment of general offices, such as desks, chairs, tables, movable safes, filing cases, drafting room equipment, and other like office appliances and equipment; also engineering instruments.

b. General Shop Equipment: This includes the cost of all equipment specially provided for general shops, such as furnaces, boilers, gas producers, engines, electric generators, and other power apparatus used in operating machinery in such shops; machine tools, cranes, hoists, shafting, belts, and the like shop equipment; also such smithing equipment in general shops as is used principally for other general purposes than shoeing horses and repairing vehicles.

NOTE.—Hand and other small portable tools liable to be lost or stolen shall not be included herein, but portable tools and apparatus of special value may be charged to this account and remain herein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

c. General Store Equipment: This includes the cost of all equipment of general store structures, such as movable counters, movable shelving and other movable equipment of like nature, carts, barrows, trucks, etc., and other apparatus and appliances used in handling materials and supplies.

NOTE.—Counters, shelving and the like which are permanently attached to the structure shall be charged to account No. E121, "General Structures," and not to this account.

d. General Stable Equipment: This includes the cost of all equipment of general stables, including horses, harness, drays, wagons, automobiles and other vehicles, equipment of shoeing shops, harness repair shops, vehicle repair shops, etc.

E131. DAMS, CANALS, AND PIPE LINES.

Charge to this account the cost of all dams, canals, aqueducts, and pipe lines devoted to the utilization of water power and the delivery of the water to the headgate of the turbine or water-wheel; also that of all wasteways from the outlet of the draft-tube to the point of final discharge. This includes all gates, valves, and other accessories of such dams; also wasteways, sluices, forebays, grids, walls, fences, etc., for the protection of such canals and pipe lines, and all trestles and other supporting structures; also all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines.

E132. POWER PLANT BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for housing power generating plants. This account includes cost of excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

E141a. FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in generating electric energy. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also iron smokestacks. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

E141b. STEAM ENGINES.

Charge to this account the cost of all steam engines devoted to the production of electric energy. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers, air and circulating pumps, lubricating systems, etc., but not the steam pipe leading from the boiler, nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the steam engine and the electric rotor thereon shall be considered a part of the electric equipment.

E142. TURBINES AND WATER-WHEELS.

Charge to this account the cost of all turbines and water-wheels devoted to the conversion of water power into mechanical power for the production of electric energy. This includes the specially provided foundations and settings of such engines, also their governors and all other appurtenant apparatus attached thereto from and inclusive of the headgates and governors to (but exclusive of) the wasteway. Where the electric rotor is mounted on (not merely coupled to) the shaft of the hydraulic engine, the shaft shall be considered a part of the hydraulic engine and the electric rotor thereon shall be considered a part of the electric equipment.

E143a. GAS PRODUCERS AND ACCESSORIES.

Charge to this account the cost of producers and accessories devoted to the production of gas for the purpose of operating electric generators, including the cost of specially provided foundations and settings for such producers and accessories. This account includes producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhausters outfits, seals, specially provided boilers and pumps, flues and piping, blower engines, pipes for the conduction of gas from such producers to holders and to gas engines, holders for producer gas, exhaust pipes from gas engines, etc. It does not include pipes whose primary purpose is the warming of buildings; nor does it include power transmission apparatus, or water pipes, steam pipes, water pumps, or inspirators.

E143b. GAS ENGINES.

Charge to this account the cost of all gas engines devoted to the production of electric energy, including the specially provided foundations and settings of such engines. The engine includes the inlet valve, governor, and ignition and starting apparatus, but not the pipe leading from the gas holder,

nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the engine and the electric rotor thereon shall be considered a part of the electric equipment.

E144a. ELECTRIC GENERATORS.

Charge to this account the cost of all electric generating apparatus driven by engines operated by steam, water, or gas; and rotaries and motor generating sets, exciters, etc., when not installed in connection with transmission systems. This includes the specially provided foundations and settings of such apparatus. Where the electric rotor of such apparatus is mounted on the shaft of the steam, hydraulic, or gas engine, the rotor is to be included herein, but not the shaft. Belts, countershafts, and other like intermediaries between such engines and the generators are also to be excluded herefrom.

NOTE.—Regarding transmission and distribution, see the note to account No. E163, "Transmission System".

E144b. ACCESSORY ELECTRIC POWER EQUIPMENT.

Charge to this account the cost of all electric equipment of generating stations not includible in the last foregoing account. This account includes bus-bars, regulators, station switchboards and equipment, such as circuit-breakers, switches, ammeters, voltmeters, wattmeters, and the like, and their foundations and settings; also headgate motors, pump motors, air compressor motors, etc., and special high-tension transmission equipment at power stations, such as high-tension bus-bars, high-tension switchboards, high-tension switches, high-tension current transformers, high-tension lightning arresters, high-tension potential transformers, high-tension reactive coils, high-tension choke coils, high-tension grounding devices and resistances, high-tension raising and lowering transformers, etc.

E145. MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of all miscellaneous equipment at power plants which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

NOTE.—This account should not include any sub-station equipment.

E161. SUB-STATION BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for power sub-station purposes, including excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

NOTE.—No charge should be made to this account in respect of a power plant building, even though such building also contains sub-station apparatus.

E162. SUB-STATION EQUIPMENT.

Charge to this account the cost of all equipment of sub stations. Such equipment includes not only electric machinery and apparatus, including storage batteries, in sub-stations, but also all other furniture and equipment, such as furnaces, boilers, stoves, elevators, etc., permanently assigned to such stations but not affixed to the structures thereof. It does not include laboratory instruments and apparatus not permanently assigned thereto, nor does it include tools only temporarily assigned to such stations.

E161. POLES AND FIXTURES.

Charge to this account the cost of towers, structures, poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the towers, structures, and poles in position; and all labor expended in connection with the construction of pole lines or structures for carrying the transmission and distribution systems.

E162. UNDERGROUND CONDUITS.

Charge to this account the cost of conduits required for underground wires and cables, including manholes, ducts and pipes, sewer connections, sewer traps, and all material necessary for the completion of the underground conduit system devoted to the protection of the transmission and distribution systems.

E163. TRANSMISSION SYSTEM.

Charge to this account the cost of the transmission system, including cables, wires, insulators, and insulating material.

NORM.—When the electric current generated (or received from another corporation) is conducted, either at the voltage of generation (or receipt) or at a higher voltage, to a point where it is (a) lowered in voltage by means of step-down transformers, or changed as to kind or frequency by means of (b) motor generator sets, (c) rotary converters, or (d) frequency changers, that portion of the outside line or conductor system antecedent to the said stepdown transformers, motor generator sets, rotary converters, or frequency changers, shall be classed as the Transmission System; except, however, that primary wiring in lighting systems at not to exceed 4,400 volts, 4-wire, 3-phase, shall be classed as a part of the Distribution System. Tie-lines between generating stations and sub-stations shall follow the same rule. Line transformers are not included among the "stepdown transformers" above mentioned.

E164. DISTRIBUTION SYSTEM.

Charge to this account the cost of all distribution main conductors and feeders, including the cost (in place) of all cables, wires, insulators, and insulating material.

This account shall be subdivided so as to show separately the following:

a. *Overhead Distribution System;*

b. *Edison Tube System*, including the cost in place of all the Edison tube system material, such as junction boxes, tubing material and conductors, coupling boxes, etc.;

c. *Other Underground Distribution System.*

NORM A.—The amounts charged to the subdivisions above stated will be required to be separately reported in the annual reports of the corporation to the Public Service Commission.

NORM B.—For the distinction between the transmission system and the distribution system, see the note to account No. E163, "Transmission System".

E165. LINE TRANSFORMERS AND DEVICES.

Charge to this account the cost of all line transformers (both overhead and underground), pole line lightning arresters, transformer cut-out boxes, line cut-out switches, etc., in the distribution system.

NORM.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of line transformers and devices temporarily withdrawn from service.

E166. ELECTRIC SERVICES.

Charge to this account the cost of all conductors (and appurtenant insulation, ducts, and supports) connecting the distribution mains with electric apparatus and appliances in the possession of consumers.

NORM.—Cost of renewing or modifying services shall not be charged to this account.

E167a. ELECTRIC METERS.

Charge to this account the cost of meters used in determining the amount of electric energy delivered to the several consumers to whom it is supplied.

NOTE A.—Cost of setting, removing, or re-setting such meters shall not be charged to this account.

NOTE B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of consumers' meters temporarily withdrawn from service.

E167b. ELECTRIC METER INSTALLATION.

Charge to this account the cost of the first setting of meters for determining the amount of electric energy delivered upon the premises of consumers, in case it is the policy of the corporation to capitalize the cost of such setting.

NOTE A.—Cost of removing such meters and of setting other meters substituted for them shall not be charged to this account but to account No. E533, "Setting and Removing Meters and Transformers".

NOTE B.—This account must not include at any time the cost of installation of a greater number of consumers' meters than are actually in service.

E171. MUNICIPAL STREET LIGHTING SYSTEM (ELECTRIC).

Charge to this account the cost (in place) of all property of the company in poles, cross arms, pins, braces, insulators, etc., arc circuits, lamps, and out-fits and suspensions specially provided for the municipal street lighting system. Such cost includes cost of material, transportation, setting poles, etc., and restoring the surface of the street to the condition required by the municipality. This account does not include any part of the general distribution system, but only things in the utilization plant beyond the service and devoted to the municipal service.

NOTE A.—Where the municipality requires for its special benefit the extension of mains and services for street lighting, such extensions may, so long as used solely for street lighting, be charged to this account, provided a full description of the extensions so charged and the amounts charged in respect thereof be filed with the Public Service Commission on or before the date when the entry thereof is made upon the books of the corporation.

NOTE B.—If the corporation uses in its street lighting system the same type of arc lamps that it uses in its commercial lighting system, and uses them interchangeably, it will be permitted, upon filing with the Public Service Commission a notice thereof, to charge the cost of all arc lamps in its street lighting system to account No. E172, "Commercial Arc Lamps".

E172. COMMERCIAL ARC LAMPS.

Charge to this account the cost of all property of the company in commercial arc lamps supplied to consumers (including municipal buildings) where such lamps have an expectancy of life in service of more than one year.

NOTE A.—Meters supplied to consumers are provided for in a foregoing account and should not be included herein.

NOTE B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of arc lamps temporarily withdrawn from service.

E173. GLOWER LAMPS.

Charge to this account the cost of all property of the company in electric glower lamps supplied to consumers (including municipal buildings) where such lamps have an expectancy of life in service of more than one year.

NOTE A.—Meters supplied to consumers are provided for in a foregoing account and should not be included herein.

NOTE B.—This account is restricted to long-life incandescent, or glower lamps such as the Nernst, and does not include the ordinary carbon filament incandescent lamps. Short-life incandescent lamps (i. e., those having an expectancy of life of

not more than one year) shall be charged to the appropriate operating expense account when issued for use, and prior to that time they shall be carried in the appropriate "Materials and Supplies" account.

NOTE C.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of long-life incandescent lamps temporarily withdrawn from service.

E174. ELECTRIC MOTORS AND HEATERS.

Charge to this account the cost of all property of the company in electric motors and heaters leased to consumers (including municipalities), and of all appurtenances thereof, such as fans, etc.

NOTE.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of electric motors and heaters temporarily withdrawn from service.

E175. ELECTRIC TOOLS AND IMPLEMENTS.

Charge to this account the cost of all tools and implements coming within the scope of the definition (see note page 257) of electric fixed capital and not covered by any of the foregoing equipment accounts.

E176. ELECTRIC LABORATORY EQUIPMENT.

Charge to this account the cost of all testing apparatus and laboratory equipment not elsewhere provided for.

NOTE.—This account includes all electric testing apparatus and equipment in laboratories. It does not include such instruments as are permanently assigned to generating stations, sub-stations, and the like, such as station ammeters, voltmeters, and wattmeters, etc.

E177. OTHER TANGIBLE ELECTRIC CAPITAL.

Charge to this account the cost of all tangible electric capital not elsewhere provided for.

E281. ENGINEERING AND SUPERINTENDENCE.

Charge to this account all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work, and all expenses incident to the work, when such disbursements can not be assigned to specific construction.

NOTE.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged.

E282. LAW EXPENDITURES DURING CONSTRUCTION.

Charge to this account general expenditures of the following nature, incurred in connection with the construction of an electric plant, namely: the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees; and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of the right of way or other land shall be charged to account No. E110, "Land Devoted to Electric Operations". Law expenditures in connection with the organization of the corporation shall be charged to account No. 101, "Organization".

E283. INJURIES DURING CONSTRUCTION.

Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of electric plant and equip-

ment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payments to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

E284. TAXES DURING CONSTRUCTION.

Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

E285. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

Charge to this account the salaries and expenses of executive and general officers of an electric plant under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.—This account shall not include any costs of organization, or any costs or discounts connected with the issue and disposal of stocks, funded debt, or other securities, and commercial paper.

E286. INTEREST DURING CONSTRUCTION.

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account. To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

O110. LAND IN OTHER DEPARTMENTS.

Charge to this account the cost of the corporation's interests in land (exclusive of improvements thereon) devoted to operations other than electric operations, gas operations, railroad operations, and street railroad operations.¹ Such cost includes, *when assumed or when paid by the purchaser in its own behalf*, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired. If at the time of acquisition of such interest

¹ NOTE.—GAS CAPITAL, RAILROAD CAPITAL, AND STREET RAILROAD CAPITAL.—For the accounts to which shall be charged the cost of capital devoted to gas operations, see the Uniform System of Accounts for Gas Corporations; for steam railroad operations, see the Uniform System of Accounts for Expenditures for Road and Equipment, etc., as established for Steam Railroad Corporations by the Public Service Commission; and for electric railroad and street railroad operations, see the Uniform System of Accounts for Street Railroad Corporations.

in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to operations other than the four classes above mentioned, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value, and such appraised value shall be charged to the appropriate accounts and excluded from the account "Land in Other Departments". If such improvements are held as investments, the cost (or appraised value at time of acquisition of title if the cost to the corporation is not determined in the contract of acquisition) shall be charged to the appropriate investment account. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land in Other Departments".

O102. FRANCHISES IN OTHER DEPARTMENTS.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" as is necessary to the conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O103. PATENT-RIGHTS IN OTHER DEPARTMENTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O104. OTHER INTANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of intangible capital devoted to its operations other than electric, gas, railroad, and street railroad, and not includible under any of the foregoing accounts.

O120. TANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of tangible capital devoted to its operations other than electric, gas, railroad, and street railroad.

25. Floating Capital divided into two groups.—Floating capital is divided into two great groups, of which the first is herein called "*Materials and Supplies*," and the second, "*Current Assets*".

26. Definitions of Floating Capital accounts.—In the following definitions the letters and figures prefixed to the titles of the accounts are no part of the titles and are inserted merely for convenience of reference:

E10. MATERIALS AND SUPPLIES.

Charge to this account the cost (including transportation) of all materials and supplies acquired by the corporation, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to

account No. E286, "Interest During Construction," or to account No. E852, "Undistributed Adjustments—Balance," according as such materials and supplies are intended for construction or for operation.

The scrap value of things retired from service shall be charged to an appropriate sub-account in this account while such things remain the property of the corporation. If such scrap value is not known and can not readily be determined it shall be estimated, and errors in such estimates when determined shall be adjusted through the accounts involved if during the year in which the estimates were made; if later, then through the "Corporate Surplus or Deficit" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account and debited or credited to the operating expense account No. E852, "Undistributed Adjustments—Balance," in case they can not be assigned to specific accounts. Shortages may, however, be charged directly to "Corporate Surplus or Deficit". Where such materials and supplies have been used in construction, a suitable proportion of such shortages or overages may be debited or credited to account No. E286, "Miscellaneous Construction Expenditures".

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

1. CASH.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

2. BILLS RECEIVABLE.

Charge to this account the cost of all bills receivable (except as below provided) which are the property of the corporation and upon which solvent concerns are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include investments (for which see page 273); nor does it include interest coupons.

3. ACCOUNTS RECEIVABLE.

Charge to this account all amounts owing to the corporation upon accounts with solvent concerns (other than banks); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

4. INTEREST AND DIVIDENDS RECEIVABLE.

Whenever the income account is stated the appropriate sub-account therein shall be credited, and this account shall be charged with all accrued but

not yet collected interest upon all commercial paper and accounts considered collectible held by or for the benefit of the corporation; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

5. OTHER CURRENT ASSETS.

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

27. Investments defined.— By *Investments*, as here used, are meant all properties acquired not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations at a time when it seems probable that they can not be so advantageously acquired as at the time of actual acquisition. By *bound investments* are meant those held subject to a lien of some character; by *free investments* are meant those held free of all liens.

300. INVESTMENTS.

The cost of the corporation's title to any property held as an investment shall be charged to an account entitled "Investments".

NORM.— In the annual reports to be made to the Public Service Commission by the corporations and other persons engaged in electric operations, investments, whether bound or free, will be required to be classified with at least the following detail:

Bound investments will be required to be divided into the three classes: "Mortgaged or Pledged Investments," "Contractual Fund Investments," and "Other Bound Investments". Each of these three classes, and the class "Free Investments," will be required to be subdivided into the following: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlled Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments.

28. Special Deposits defined.— By *Special Deposits*, as here used, are meant amounts of money and bank credits in the hands of fiscal and other agents of the corporation for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safety deposit vaults, etc., so long as they are available for general purposes of the corporation, shall be excluded herefrom.

311. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits specially deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest Accrued" account.

312. DIVIDEND SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *especially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of dividends upon the corporation's stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

313. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other *special* purposes than the payment of interest-coupons and dividends. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount *especially* deposited to provide such satisfaction.

29. Prepayments.—When payments for taxes, insurance, rents, and the like are made in advance of the actual accrual thereof, the amount of the advance payment shall be charged to the appropriate account in this group. As such taxes, etc., accrue, the appropriate prepayment account shall be credited and the appropriate expense or other income account shall be charged.

NOTE.—By the accrual of taxes, insurance, rents, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus, if the rent fixed by contract of lease for a certain property is \$800 for a calendar year, this accrues at the rate of \$50 each month (unless it is desired to base the accrual on days, when of course the varying lengths of the months would require to be considered), regardless of the actual times when the rent matures; \$50 should thus (if the rent has been prepaid) be credited each month to the account "Prepaid Rents," and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

321. PREPAID TAXES.

When taxes are paid in advance of their accrual, the amount prepaid shall be charged to this account. As the taxes thus prepaid accrue, they shall be credited at monthly intervals to this account and charged to the appropriate taxes account. This account must not include any so called taxes, like water taxes, drainage taxes, fire taxes, etc., which are payments for special benefits received. Such payments for special benefits, where finally chargeable to operating expenses, must, when prepaid, be charged to account No. 324, "Other Prepayments".

322. PREPAID INSURANCE.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue they shall be credited at monthly intervals to this account and charged to the appropriate expense account.

323. PREPAID RENTS.

When rents are paid in advance of the enjoyment of the term, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As the term is consumed, this account shall be credited at monthly intervals and the appropriate rent account in the income account shall be charged.

324. OTHER PREPAYMENTS.

When prepayments are made for any other thing than taxes, insurance, and rents, above provided for, such prepayments shall be charged to this account;

and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited monthly to this account and charged to the appropriate expense or income account.

30. Suspense.—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which under the rules of the Public Service Commission may be spread over a period of time, or when any debit made for any other reason may be amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss, or other debit shall, except as herein otherwise directed, be charged to an appropriate account in this group of accounts.

NOTE.—By "amortization" of any charge or credit is meant its gradual extinction. The word is broader than the word "depreciation," since the latter is restricted ordinarily to tangible property. The word "depreciation" also imports more of the idea of fluctuating value and is complicated somewhat with the question of cost of replacement at market prices. Because it is considered unnecessary in connection with the gradual consumption or expiration of life of capital to consider the question of cost of replacement until the replacement is actually made, at which time the cost of replacement is duly charged to the appropriate account, and because provision is necessary for the gradual extinction of certain charges (such as those for some kinds of capital, those for extraordinary casualties, for discount on debt, etc.), to which the term "depreciation" does not well apply, it is considered advisable to use the term "amortization" in connection with the extinction of such charges, and of certain corresponding credits, such as premiums on debt outstanding.

331. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidences of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to account No. 928, "Amortization of Debt Discount and Expense". Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to the account "Other Deductions from Surplus".

332. OTHER SUSPENSE.

To this account shall be made all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit".

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

31. **Securities Actually Issued and Later Re-acquired.**—For the case of securities actually issued by the corporation and later re-acquired by it, the following account is provided:

340. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face values to this account.

32. **Debt defined.**—The word *debt*, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt*.

33. **Funded Debt defined.**—*Funded Debt* comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

34. **Unfunded Debt defined.**—*Unfunded Debt* comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

35. **Funded Debt accounts.**—Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as e. g., "First Mortgage 5% QF 10, Aug. 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture". "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds".

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page, and account

whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

36. Unfunded Debt accounts.— The accounts for unfunded debt are defined as follows:

351. TAXES ACCRUED.

Credit to this account at the close of each month the taxes accrued during the month, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

352. RECEIVER'S CERTIFICATES.

When any receiver acting under the orders of a competent court is in possession of the property of the corporation and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited monthly to this account.

353. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties, and the character of the action or suit. Interest accruing upon any such judgment shall be credited monthly to this account.

NOTE.— In case of appeal and affirmance in whole or in part from which judgment of affirmance a further appeal lies, the same rule shall apply as upon entry of original judgment.

354. INTEREST ACCRUED.

Credit to this account at the close of each month the interest accrued during the month upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NOTE.— When coupon interest matures it should be transferred from the sub-account "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured". When such interest is paid out of coupon special deposits the sub-account "Coupon Interest Matured" should be charged and the account "Coupon Special Deposits" credited.

355. DIVIDENDS DECLARED.

When any dividend is declared it shall be credited to this account and here remain until it is paid, when it shall be charged to this account and credited to "Cash" or other suitable account.

356. BILLS PAYABLE.

When any note, draft, or other bill payable which matures not later than one year after date of issue (or of demand) or assumption by the corporation of primary liability thereon is issued or assumed, the par value thereof shall be credited to this account, and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account.

E357a. CONSUMERS' DEPOSITS — ELECTRIC.

Credit to this account, as such deposits are made, all cash deposited with the corporation by consumers as security for the payment of electric bills. Deposits refunded shall be charged to this account and credited to "Cash". Deposits applicable to uncollectible or worthless electric bills shall, at the close of the fiscal year (or earlier, at the option of the accounting corporation), be credited to the account of the consumer involved and debited to this account.

357b. OTHER ACCOUNTS PAYABLE.

Credit to this account when incurred all liabilities of the corporation upon open accounts, except those provided for in the foregoing account "Consumers' Deposits".

358. OTHER UNFUNDED DEBT.

Credit to this account at face value all unfunded debt upon which the corporation is liable and which is not elsewhere provided for.

37. *Reserves.*—Reserves shall be classified as *Permanent* and *Temporary*.

38. *Permanent Reserves defined.*—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. Permanent reserves shall be classified into the two classes: *Premiums on Stocks*, and *Other Permanent Reserves*.

371. PREMIUMS ON STOCKS.

Premiums on stocks shall be sub-classified with respect to the several classes of stocks, for definitions of which see the accounts under the head "Stocks". A sub-account shall be kept for each particular class of stocks, and such sub-accounts shall be severally entitled:

Premiums on Debenture Stocks,

Premiums on First Preferred Stocks,

Premiums on Second Preferred Stocks, etc., and

Premiums on Common Stocks.

When a premium is realized upon an issue of any particular class of stock, such premium shall be credited to the sub-account above provided for such class of stock, and such credit shall remain in such account so long as such stock remains outstanding. By a premium realized (as the words are above used) is meant the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value thereof shall be considered the premium realized.

372. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account shall be created for each particular purpose for which a reserve is raised, and the purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

39. Temporary Reserves defined.— By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. Temporary reserves shall be classified as *Contractual Reserves* and *Non-contractual Reserves*.

40. Contractual Reserves defined.— *Contractual Reserves* are reserves necessitated by contracts of the corporation, as e. g., reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account shall be raised for each particular contractual reserve, and to such account shall be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

41. Non-contractual Reserves defined.— *Non-contractual Reserves* are such temporary reserves as are raised without being required under any contract. Non-contractual reserves are divided into *Required* and *Optional*.

42. Required Reserve accounts.— Required reserves are provided for in the following accounts:

374. ACCRUED AMORTIZATION OF CAPITAL.

Credit to this account such amounts as are charged from time to time to "Operating Expenses," or other accounts to cover depreciation of plant and equipment, and other amortization of capital. When any capital is retired from service, the original money cost thereof (estimated if not known, and where estimated, that fact and the facts upon which the estimate is based shall be stated in the entry), less salvage, shall (except as provided in account No. E100, "Fixed Capital, December 31, 1908,") be charged to this account. The amount originally entered or contained in the charges to any capital account in respect of such capital so going out of service shall be credited to such capital account, and any necessary adjusting entry made to the appropriate sub-account under the account "Corporate Surplus or Deficit".

375. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidence of indebtedness and the accrued interest shall be credited to this account. At monthly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity shall be charged to this account and credited to "Amortization of Premium on Debt" in "Income" account; or at the option of the corporation the charge to this account may be delayed to a time not later than the date of maturity of the debt, in which case the proportion ap-

plicable to the period covered by the then current income account shall be credited to the account "Amortization of Premium on Debt," and the remainder of the credit shall be to the account "Other Additions to Surplus".

376. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve shall show the purpose of the reserve, and every subsequent entry with respect to that reserve shall designate the reserve to which it relates.

43. *Optional Reserve accounts.*— *Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

381. CASUALTIES AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualties and Insurance Reserve". Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

382. OTHER OPTIONAL RESERVES.

A sub-account shall be raised for each particular reserve, and its title shall designate the purpose of such reserve and the first entry therein shall express in full such purpose.

44. *Stocks defined.*— By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

45. *Stocks classified.*— Stocks are classified as—

Debenture Stocks,

First Preferred Stocks,

Second Preferred Stocks, etc., and

Common Stocks.

46. *Debenture Stocks defined.*— *Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

47. *First Preferred Stocks defined.*— *First Preferred Stocks* are those which have the first claim upon such dividends as may be distributed. They may be cumulative or noncumulative, participating or nonparticipating. If *cumulative*, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends

until satisfied; if *noncumulative*, such amount lapses. If a first preferred stock is *participating*, it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if *nonparticipating*, it is limited to the stipulated rate.

48. *Second Preferred Stocks defined.*—*Second Preferred Stocks* are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or noncumulative, participating or nonparticipating.

49. *Common Stocks defined.*—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

50. *Voting Powers.*—Stocks differ also in regard to the voting powers incident to ownership of them.

51. *Retirement of Stocks.*—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

52. *Separate account required for each class of stocks.*—In the accounts of stocks outstanding, a separate account shall be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks and shall be clearly expressed in the first entry in such account. To the account for any class of stocks shall be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other consideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be by him disposed of for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess shall be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

SCHEDULE B.

INCOME ACCOUNT.

1. **Income and Indicant accounts compared.**—A comparison of the balances in the foregoing accounts (Schedule A) at any particular moment will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the *Balance Sheet* or *Indicant* accounts. Their balances indicate the condition of the corporation at any particular time. These accounts with their subsidiary accounts are all that are necessary prior to the time when the corporation becomes what may be called a "going concern".

When a corporation begins operations it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the *Income* account. They are made up usually on a yearly basis and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group.

2. **Divisions of Income account.**—The principal divisions of this group of accounts are the *Revenue* accounts, the *Revenue Deduction* accounts, the *Income Deduction* accounts, and the *Appropriation* accounts.

3. **Revenues defined.**—By *Revenues*, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interests in property). Revenues are classified as *Operating Revenues* and *Non-operating Revenues*.

4. **Operating Revenues defined.**—*Operating Revenues* are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its own operations.

5. **Non-operating Revenues defined.**—*Non-operating Revenues* are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as *Rents*, *Interest*, *Dividends*, and *Miscellaneous*.

6. **Revenue Deductions defined.**—*Revenue Deductions* include *Expenses*, *Taxes*, and *Uncollectible Bills*.

7. **Expenses defined.**—*Expenses* are those outgoes (including capital consumed) necessary to the production of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into *Operating Expenses* and *Non-operating Expenses*. *Operating Expenses* are those incident to the operating revenues.

8. **Taxes defined.**— *Taxes* are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. **Uncollectible Bills defined.**— When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity (as *e. g.*, electric energy or gas for light, heat, or power), current accounts or claims against such consumers for such service rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills*.

10. **Gross Income, Income Deductions, and Net Corporate Income defined.**— Revenues, diminished by expenses, taxes, and uncollectible bills, give an amount called *Gross Income*, which is applicable to corporate and leased properties. Gross income is subject to several compulsory deductions, mostly contractual, like rent, interest, etc., and the remainder after these are made is called *Net Corporate Income*, which being subject only to the discretion of the corporation is most conveniently carried directly to the corporate surplus. The accounts covering the compulsory deductions from gross income, as above defined, are called the *Income Deduction* accounts.

11. **Appropriation accounts defined.**— The accounts covering the yearly changes in the corporate surplus are called the *Appropriation* accounts, since practically all of the matters covered by them are within the discretion of the corporation, although they also include certain adjustments made because of facts of previous years imperfectly accounted for at the time (whether through error or through lack of information), and certain other minor matters like extraordinary expenses not chargeable as deductions from revenues; also such matters as profits on the sale of capital, and profits and losses on the sale of investments.

12. **Definitions of Electric Operating Revenue accounts.**— Credits to the various revenue accounts shall be made upon the basis of bills rendered or of gross prices. Discounts for prompt payment, corrections of overcharges, overcollections theretofore credited and afterward corrected, authorized abatements and allowances, and other corrections and deductions shall be charged to the revenue account to which they relate. In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

401. MUNICIPAL STREET LIGHTING — ARC.¹

Credit to this account all revenues derived from lighting streets for municipal corporations by means of arc lamps.

402. MUNICIPAL STREET LIGHTING — INCANDESCENT.

Credit to this account all revenues derived from lighting streets for municipal corporations by means of incandescent electric lamps.

NOTE.—In the foregoing two accounts the word "streets" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

403. LIGHTING MUNICIPAL BUILDINGS — ELECTRIC.

Credit to this account all revenues derived from lighting municipal buildings by means of electric lamps, and from electric energy supplied for such

¹ Charges to this and the following revenue accounts must be made in such wise as to permit their classification in the annual report of the corporation to the Public Service Commission.

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purposes, or for heat or power in municipal buildings where such energy is supplied at lighting rates and is not separately measured.

404. MUNICIPAL HEAT AND POWER — ELECTRIC.

Credit to this account all revenues derived from municipal corporations for electric energy supplied at special heat or power rates to such corporations for the production of heat and power.

405. MISCELLANEOUS ELECTRIC REVENUE — MUNICIPAL.

Credit to this account all revenues derived from supplying electric energy to municipal corporations and not provided for in the foregoing accounts; also those from the letting of meters, motors, and other electric equipment to such corporations.

406. COMMERCIAL FLAT RATE LIGHTING.

Credit to this account all revenues derived from consumers other than municipal corporations for electric lighting at flat rates per year, per month, per night, per hour, or other time unit, or on any basis independent of the quantity of energy supplied.

407. COMMERCIAL FLAT RATE POWER.

Credit to this account all revenues derived from all consumers, except municipal, railroad, and other electrical corporations, for electric energy supplied for heat or power at special flat rates per year, per month, per night, per hour, or other time unit, or on any basis independent of the quantity of energy supplied.

408. COMMERCIAL METERED LIGHTING.

Credit to this account all revenues derived from all consumers, except municipal corporations, for measured electric energy supplied for electric lighting where the total receipt is dependent on the quantity of energy supplied.

NOTE.—Where electric energy flowing through any meter is used by any other consumer than a municipal corporation for both arc and incandescent lighting, or for arc and incandescent lighting and incidentally for power purposes such as running fans, sewing machines, etc., the revenues derived therefrom shall be credited to this account.

409. COMMERCIAL METERED POWER.

Credit to this account all revenues derived from all consumers, except municipal, railroad, and other electrical corporations, for measured electric energy supplied for heat or power at special heat or power rates, where the total receipt is dependent on the quantity of energy supplied.

410. RAILROAD CORPORATIONS.

Credit to this account all revenues derived from electric energy sold to street and other railroad corporations for the propulsion of their cars, for running their shops, and for other power, and for heating purposes. If such energy is incidentally used for lighting also, but the portion used for lighting is not separately measured, the revenue therefrom shall be included in this account.

411. OTHER ELECTRICAL CORPORATIONS.

Credit to this account all revenues derived from electric energy sold to other electrical corporations to be by them distributed over their own lines to consumers. If any portion of such energy is incidentally consumed by such corporations for their own benefit, whether for light, heat, or power, it shall

be included herein, if not separately measured, or if included under the same contract with that which is distributed by them to consumers.

421. RENT OF ELECTRIC METERS.

Credit to this account all revenues derived from the letting of electric meters to others than municipal corporations.

422. RENT OF ELECTRIC APPLIANCES.

Credit to this account all revenues derived from the letting of electric motors, fans, heating appliances, batteries, lamps, and other electric apparatus and appliances (except meters) to others than municipal corporations. Where the contract of letting names only a single consideration for both the letting and the maintenance of the appliances so let, the entire revenue shall be included in this account.

423. ELECTRIC MERCHANDISE AND JOBBING REVENUE.

Credit to this account all receipts from the sale of electric merchandise and from electric jobbing. Charge to this account the cost to the accounting corporation of electric merchandise sold, such cost including transportation charges paid on such goods.

Credit also to this account the profit or commission accruing to the corporation on all jobbing work performed by it as agent under agency contracts, whereunder it undertakes to do jobbing work for another for a stipulated profit or commission upon its actual expense for labor, materials, and supplies.

NOTE A.—In its annual reports to the Public Service Commission the reporting corporation will be required to analyze the credits and debits to this account.

NOTE B.—This account does not include receipts from the sale of superseded equipment, or of junk or other scrap or salvage.

424. SALE OF BYPRODUCTS.

Credit to this account all revenue derived from the sale of ashes, cinders, chemical waste, gas producer residuals, and other byproducts of electric operations.

425. JOINT ELECTRIC RENT REVENUE.

When any corporation engages in electric operations for the production of some of its product for the benefit of another or others under an arrangement for apportioning the expense upon the basis of the relative amounts of benefit to the several participants in the arrangement, if such arrangement provides for the receipt by the corporation of any profit or return upon its property, such profit or return upon property shall, as it accrues, be credited month by month to this account. Such profit or return must be over and above any provision for wear and tear and depreciation of plant involved in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

426. BREAK-DOWN SERVICE.

Credit to this account all revenues derived from the insurance of a supply of electric energy to a stipulated amount to concerns ordinarily producing their own or procuring it from other sources than the corporation acting as insurer.

427. OTHER MISCELLANEOUS ELECTRIC REVENUE.

Credit to this account all revenues derived from others than municipal corporations for the supply of electric energy and service and from other electric operations not includible in any of the foregoing accounts.

13. **Revenue from Outside Operations.**—The detailed revenue accounts for operations other than the above mentioned will be provided for elsewhere.

14. **Operating Expenses defined.**—By the *operating expenses* of a corporation are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of the commodities produced, and to the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived are excluded from operating expenses.

15. **Definitions of certain terms used in connection with expense accounts.**—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

16. **Definitions of Electric Operating Expense accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

GENERAL ACCOUNTS.

- I. Production Expenses.
- II. Transmission Expenses.
- III. Electric Storage Expenses.
- IV. Distribution Expenses.
- V. Utilization Expenses.
- VI. Commercial Expenses.
- VII. General and Miscellaneous Expenses.

I. PRODUCTION EXPENSES.

NORM.—In case the accounting corporation operates two or more separate and distinct plants for the production of electric energy, it will be required to keep (with the detail herein prescribed) separate accounts covering production at the

several plants. In case the circumstances of any corporation make it impracticable to allocate the cost of its station labor among the accounts below prescribed, it should petition the Public Service Commission for permission to consolidate two or more of them. Such application must set out in full the facts which in the judgment of the petitioner make such allocation impracticable.

E501a. STATION SUPERINTENDENCE AND CARE.

Charge to this account salaries and personal expenses of superintendents and assistants, chemists, clerks, janitors, watchmen, elevatormen, and also that portion of the salaries and expenses of the engineering staff assignable to the generating plant.

E501b. BOILER LABOR.

Charge to this account the cost of labor in boiler room and elsewhere in and about the premises having to do with making steam. This includes such labor as that of fire room engineers and assistants, water tenders, firemen, coal handlers, ash handlers, boiler cleaners, and feed-pump men.

E501c. PRODUCER LABOR.

Charge to this account the cost of all labor in and about the premises having to do with the production of power gas.

E501d. ENGINE LABOR.

Charge to this account the cost of labor on prime movers of all kinds. This includes such labor as that of chief engineers and assistants, engineers, oilers, wipers, and machinists.

E501e. ELECTRIC LABOR.

Charge to this account the cost of all labor in connection with the electric generating apparatus and devices, beginning with the generators direct connected or belted to the prime movers, and including the switchboard, feeder terminal board, and to where the electric current leaves the station for the transmission or distribution system. This includes such labor as that of system operators or load dispatchers; foreman over regulators, regulators, and assistants; switchboard men, brushmen, wipers, and wiremen.

E502a. FUEL FOR STEAM.

Charge to this account the cost of fuel, whether coal or oil, used under the boilers for electric generation, at the cost delivered in the bunkers or tanks; also any special expense incurred in disposing of ashes.

NOTE.—No portion of the cost of boiler room labor shall be charged to this account.

E502b. FUEL FOR PRODUCER GAS.

Charge to this account the cost of fuel used for generating producer gas.

E503a. WATER FOR STEAM POWER AND GAS.

Charge to this account the cost of feed water and of water for condensers; also the cost of boiler compound. Water used for general station purposes is not to be included.

E503b. WATER FOR HYDRAULIC POWER.

Charge to this account the cost of all water purchased for the purpose of operating hydraulic power plants in the electric department.

E504. LUBRICANTS FOR POWER.

Charge to this account the cost of lubricants for machinery in the generating station; but not oil for transformers, grease for wagons, or oil for lanterns.

E505a. PRODUCTION SUPPLIES.

Charge to this account the cost of all supplies, tools, etc., used in the generating plant which are consumed in the operating process, the replacement of which does not constitute a repair or renewal; also the cost of repairs of such tools. This includes such matters as waste, packing, wipers, gauge glasses, gauge washers, manhole gaskets, handhole gaskets, fire room tools, steam and air hose, bolts, screws, nails, tools, dynamo brushes, etc.

E505b. STATION EXPENSE.

Charge to this account the general and miscellaneous expenses in the generating plant not specifically chargeable to other accounts, including such matters as lighting, heating, and cleaning systems; fire protection system; janitors' supplies; ice and water; telephone and toilet services at station; and care of streets, yards, and sidings.

E507. REPAIRS OF POWER PLANT BUILDINGS.

Charge to this account the cost of repairs of buildings and structures used for power station purposes; cost of repairs of fixtures therein; cost of maintaining walks, driveways, and grounds connected with such buildings; cost of delivering material, including freight charges, if any; and all incidental expenses connected with the maintenance of such buildings and structures.

The term "buildings and structures," in addition to embracing the buildings proper, shall be understood to include fixtures when immovable and built in as a part of the structure; permanent foundations and piers; pipes for gas, water, sewerage, and drainage; apparatus for heating, lighting, and ventilating; freight and passenger elevators with fixtures and appurtenances; platforms; appliances for protecting buildings against fires; fences, walls, sidewalks, and pavements within the limits of grounds immediately adjacent to such buildings.

NOTE.—The cost of replacement of a building or structure, when in excess of \$100, shall be treated through the appropriate capital account; when less than \$100, it may be charged directly to this account or a sub-account hereunder.

E508a. REPAIRS OF FURNACES AND BOILERS.

Charge to this account the cost of repairing boilers and furnaces, including specially provided foundations and settings, iron smokestacks, and such matters as brick work, bridge wall, arches, jambs, grate bars, stoker bars and webs, furnaces, valves, superheaters, damper regulators, and tubes.

E508b. REPAIRS OF BOILER APPARATUS.

Charge to this account the cost of repairing feed water, coal and ash handling systems, and auxiliary apparatus in the fire room; including such matters as feed pumps, blower engines, coal conveyor, digger, trolley and cable tower, crusher and belt links, brackets, wheels, chutes and gates; ash conveyor cars, winches, motors, buckets, shaft, chain, and wheels; filters, boiler compound injector and pump; heaters, primary and secondary; economisers, and water meters.

E508c. REPAIRS OF STEAM ACCESSORIES.

Charge to this account the cost of repairing the piping system in connection with the making of steam and delivery thereof to the prime movers; including such matters as water feed piping, cold main, hot main, water suction, valves, joints, jackets, ash pit drains and ash pocket syphons, oil drains from engine crank pits, receiving tanks, filter pumps to engine valve, steam and exhaust line systems, sewer connections, and air line.

E509a. REPAIRS OF RECIPROCATING ENGINES.

Charge to this account the cost of repairing reciprocating steam engines used in the power plant.

E509b. REPAIRS OF STEAM TURBINES.

Charge to this account the cost of repairing steam turbines used in the power plant.

E509c. REPAIRS OF OTHER STEAM ENGINE EQUIPMENT.

Charge to this account the cost of repairing apparatus auxiliary to the prime movers, including such matters as condensers, packing tubes, renewing tubes, heads and doors, and miscellaneous; and pumps, air and circulating, wet vacuum, dry vacuum, and oil systems, but excluding the power conveying apparatus.

E510a. REPAIRS OF DAMS, CANALS, AND PIPE LINES.

Charge to this account the cost of repairing hydraulic structures. Such structures include dams, embankments, etc., for impounding water, and all appurtenant gates, valves, weirs, wasteways, canals, conduits and other channels (including riprap, lining walls, etc.), pipe lines, aqueducts, and supporting trestles, etc., forebays and appurtenant sieves and grids, wasteways, etc., and all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines; also the wasteways conducting water from the outlet of the draft-tube to the point of final discharge.

E510b. REPAIRS OF TURBINES AND WATER-WHEELS.

Charge to this account the cost of repairing wheel-gates, turbines, and other hydraulic apparatus from the inlet valve to and including the wheel governor and to the outlet of the draft-tube.

E511a. REPAIRS OF GAS PRODUCERS AND ACCESSORIES.

Charge to this account the cost of repairing apparatus devoted to the generation of producer gas to be consumed in gas engines in the electric generating station; also the cost of repairing gas conductor and exhaust pipes and other auxiliary gas power apparatus. This includes producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhaustor outfits, seals, specially provided boilers and pumps, flues and piping, blower engines, holders, etc. Power conveying apparatus is not included herein.

E511b. REPAIRS OF GAS ENGINES.

Charge to this account the cost of repairing gas engines devoted to the production of electric energy, including inlet valves, governors, and ignition and starting apparatus.

E512a. REPAIRS OF ELECTRIC GENERATORS.

Charge to this account the cost of repairing dynamos, alternators, and other electric generating apparatus driven by steam, water, or gas power; and rotaries and motor generating sets, exciters, etc., when not installed in connection with transmission systems.

E512b. REPAIRS OF ACCESSORY ELECTRIC EQUIPMENT.

Charge to this account the cost of repairing the electric generating apparatus not includible in the foregoing account. This includes bus-bars, regulators, station cables, station switchboards and equipment, such as circuit-breakers, switches, ammeters, voltmeters, wattmeters, etc. (and their specially provided foundations and settings), and the station terminal board; also head-

gate motors, pump motors, air compressor motors, etc., and special high-tension transmission equipment at power stations, such as high-tension bus-bars, high-tension switchboards, high-tension switches, high-tension current transformers, high-tension lightning arresters, high-tension potential transformers, high-tension reactive coils, high-tension choke coils, high-tension grounding devices and resistances, high-tension raising and lowering transformers, etc., but not wiring for lighting the station.

E513a. REPAIRS OF STATION TOOLS AND IMPLEMENTS.

Charge to this account the cost of repairing station tools and implements that have been capitalized (except fire tools, elsewhere provided for). Among the principal items in this account are blacksmiths', machinists', and pipe fitters' tools, pump room tools, engine tools, and cutting tools.

E513b. REPAIRS OF MISCELLANEOUS STATION EQUIPMENT.

Charge to this account the cost of repairing station apparatus not includible in the foregoing repair accounts, particularly the power transmission equipment, such as shafting, belting, and clutches; motors, hoists, and cranes, etc.

E514. STEAM FROM OTHER SOURCES.

Charge to this account the cost of all purchased or jointly produced steam consumed in the power plant of the electric department.

NOTE.—In case such steam is jointly produced, *i. e.*, produced by another person or corporation under a joint arrangement for sharing the cost of production in proportion to the benefits to the several participants, the charge to this account may include a proportion to cover depreciation of plant employed as well as the proportion of direct expense, but it must not include any allowance or return upon the cost or value of the plant. Such allowance or return upon property must be charged to account No. 922f, "Other Rent Deductions".

E515. POWER GAS FROM OTHER SOURCES.

Charge to this account the cost of all gas consumed in the gas power plants of electric generating stations, but not produced in the electric department; this includes the cost of gas produced for the corporation by another corporation under any joint arrangement for the sharing of expense (upon the basis of the relative amounts of benefit to the several participants), inclusive of provision in such expense for depreciation of plant, but exclusive of allowance for profit or return upon the value of property used in such production.

E516. ELECTRIC ENERGY FROM OTHER SOURCES.

Charge to this account the cost, at the point of delivery to the corporation, of all electric energy purchased or produced for the corporation by another corporation under any joint arrangement for the sharing of expense (upon the basis of the relative amounts of benefit to the several participants), inclusive of provision in such expense for depreciation of plant, but exclusive of allowance for profit or return upon the value of property used in such production.

II. TRANSMISSION EXPENSES.

E521a. TRANSMISSION SUBWAY RENT.

Charge to this account the rents payable accruing for ducts leased from other corporations or from a municipal corporation.

NOTE.—In case the rented subway is used for distribution as well as for transmission, the rent should be apportioned between this account and account No. E521b, "Distribution Subway Rent".

E522a. TRANSMISSION POLE AND FIXTURE REPAIRS.

Charge to this account the cost of repairing and renewing poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the poles, towers, and other structures in position; also repairs of towers and other structures maintained primarily for supporting the overhead transmission system.

This account does not include insulators.

NOTE A.—The cost of repairing and renewing poles and fixtures which carry both transmission and distribution conductors should be apportioned between this account and account No. E522b, "Distribution Pole and Fixture Repairs".

NOTE B.—The cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction shall, when the individual costs of the same equal or exceed \$100, be treated through the appropriate capital accounts. When the individual cost is less than \$100, the replacement may be charged directly to this account.

E523a. TRANSMISSION UNDERGROUND CONDUIT REPAIRS.

Charge to this account the cost of patrolling and inspecting as well as repairing transmission underground conduits, including renewing ducts and pipes, enlarging and repairing manholes, re-paving streets over such structures, etc. This account does not include any repairs of conductors or of the insulation thereof.

NOTE.—The cost of maintaining underground conduits which carry both transmission and distribution conductors should be apportioned between this account and account No. E523b, "Distribution Underground Conduit Repairs".

E524a. OVERHEAD TRANSMISSION SYSTEM REPAIRS.

Charge to this account the cost of repairing and maintaining overhead trunk lines between generating and sub-stations, including patrolling and testing, and all repairs.

NOTE A.—This account does not include the cost of repairing poles and fixtures, for which see account No. E522a, "Transmission Pole and Fixture Repairs".

NOTE B.—When the electric current generated (or received from another corporation) is conducted, either at the voltage of generation (or receipt) or at a higher voltage, to a point where it is (a) lowered in voltage by means of step-down transformers, or changed as to kind or frequency by means of (b) motor generator sets, (c) rotary converters, or (d) frequency changers, that portion of the outside line or conductor system antecedent to the said stepdown transformers, motor generator sets, rotary converters, or frequency changers, shall be classed as the Transmission System; except, however, that primary wiring in lighting systems at not to exceed 4,400 volts, 4-wire, 3-phase, shall be classed as a part of the Distribution System. Tie-lines between generating stations and sub-stations shall follow the same rule. Line transformers are not included among the "stepdown transformers" above mentioned.

E524b. UNDERGROUND TRANSMISSION SYSTEM REPAIRS.

Charge to this account the cost of inspecting and repairing underground transmission cables.

E525. SUB-STATION LABOR.

Charge to this account the cost of all labor employed in superintending and operating sub-stations, including not only that of regulators, brushmen, and others engaged in operating the electric apparatus, but also that of clerks, janitors, watchmen, etc.

E526. SUB-STATION SUPPLIES AND EXPENSES.

Charge to this account the cost of supplies consumed and expenses incurred in connection with the operation of sub-stations, such as telephone rents, light, heat, etc.

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E527. REPAIRS OF SUB-STATION BUILDINGS.

Charge to this account the cost of repairing sub-station buildings and permanent fixtures therein, including grounds and adjacent streets, vaults, sheds, pits, sidewalks, etc.

E528. REPAIRS OF SUB-STATION EQUIPMENT.

Charge to this account the cost of repairing apparatus in sub-stations, including sub-station cables, switchboards and instruments, station terminal board, etc.

NOTE.—This account should not include the cost of repairing any storage battery equipment, for which see account No. E529d, "Repairs of Storage Battery Accessories".

III. ELECTRIC STORAGE EXPENSES.

NOTE.—In case any electrical corporation desires to keep fewer accounts covering its electric storage expenses, it will, until otherwise ordered, be allowed to consolidate any two or more of the four accounts here prescribed. In such case, the corporation must (before consolidating) file with the Public Service Commission a notice of such consolidation, specifying the accounts to be consolidated. Such notice must be in the form prescribed in the order covering these accounts.

E529a. STORAGE BATTERY LABOR.

Charge to this account the salaries and personal expenses of superintendent, clerks, and battery men, including inspectors and testers.

E529b. STORAGE BATTERY SUPPLIES.

Charge to this account the cost of acid and distilled water in cells, soda, sponges, brooms, mops, waste, rags, hydrometers, thermometers, automatic cell fillers, rubber hose, gloves, shoes, paint, etc., and brushes for boosters and compensators.

E529c. STORAGE BATTERY RENEWALS.

Charge to this account the cost of renewing worn-out cells, including diaphragms, negative and positive plates, lead in strip, spelter, pails, candles, dry boards, tank bands, sheet lead, glass plates, glass covers, hydrogen generators, jumpers, clamps, lampblack, etc.

E529d. REPAIRS OF STORAGE BATTERY ACCESSORIES.

Charge to this account the cost of repairing tanks, battery room floor, switches, regulating apparatus, boosters, and compensators.

IV. DISTRIBUTION EXPENSES.

E531. ELECTRIC DISTRIBUTION SUPERINTENDENCE.

Charge to this account the salaries and personal expenses of superintendents and clerks, and also that portion of the salaries of the engineering staff of the company which is assignable to distribution.

E532a. ELECTRIC DISTRIBUTION MAPS AND RECORDS.

Charge to this account the cost of maps and records of overhead and underground lines, including salaries and personal expenses of mappers and draftsmen, cost of drawing material, etc.

E532b. ELECTRIC DISTRIBUTION OFFICE EXPENSES.

Charge to this account the cost of all other supplies and expenses of the office of the superintendent of the distribution department.

E533. SETTING AND REMOVING METERS AND TRANSFORMERS.

Charge to this account the cost of all supplies consumed and all expenses incurred in connection with the operation of service transformers and consumers' meters. This includes such matters as setting and removing such transformers and meters, connecting and disconnecting services, and the like.

NOTE.—In case it is the policy of the accounting corporation to charge the cost of the first setting of consumers' meters to capital, such charge should be made to account No. E5167b, "Electric Meter Installation".

E521b. DISTRIBUTION SUBWAY RENT.

Charge to this account the rents payable accruing for underground conduits used for distribution conductors.

NOTE.—In case the rented subway is used for transmission as well as for distribution, the rent should be apportioned between this account and account No. E521a, "Transmission Subway Rent".

E522b. DISTRIBUTION POLE AND FIXTURE REPAIRS.

Charge to this account the cost of repairing and renewing poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the poles, towers, and other structures in position; also repairs of towers and other structures maintained primarily for supporting the overhead distribution system.

This account does not include insulators.

NOTE A.—The cost of repairing poles and fixtures that carry both transmission and distribution conductors should be apportioned between this account and account No. E522a, "Transmission Pole and Fixture Repairs".

NOTE B.—The cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction shall, when the individual costs of the same equal or exceed \$100, be treated through the appropriate capital accounts. When the individual cost is less than \$100, the replacement may be charged directly to this account.

E523b. DISTRIBUTION UNDERGROUND CONDUIT REPAIRS.

Charge to this account the cost of maintaining subways and underground conduits, including repairs of the tube, of manholes, of paving over such subways and of all ducts and conduits, but not any repairs of conductors or of the insulation thereof.

NOTE.—The cost of maintaining (including patrolling and inspecting) underground conduits and subways which carry both transmission and distribution conductors should be apportioned between this account and account No. E523a, "Transmission Underground Conduit Repairs".

E534a. OVERHEAD DISTRIBUTION SYSTEM REPAIRS.

Charge to this account the cost of patrolling, testing, and repairing the overhead conductors in the distribution system.

E534b. EDISON TUBE SYSTEM REPAIRS.

Charge to this account the cost of inspecting, testing, and repairing the Edison tube system, including junction boxes, tubing and conductors, coupling boxes, etc.

E534c. OTHER UNDERGROUND DISTRIBUTION SYSTEM REPAIRS.

Charge to this account the salaries and expenses of patrolmen, testers, etc., as well as the cost of repairing damaged subway distribution conductors.

E535a. REPAIRS OF ELECTRIC SERVICES.

Charge to this account the cost of repairing underground and overhead services leading from the mains to the consumers' premises.

E535b. REPAIRS OF TRANSFORMERS.

Charge to this account the cost of labor and material consumed in maintaining transformers, including renewing oil, re-painting, re-winding, removal and replacing; also repairs of such switches and cut-outs as are the property of the corporation in consumers' premises.

E536a. ELECTRIC METER OPERATION.

Charge to this account the salaries and expenses of superintendents and clerks in the meter bureau, and also that portion of the salaries of the engineering staff of the corporation assignable to this account; also the cost of light, heat, ice, water, and other supplies and expenses in connection with the meter-testing bureau; and the cost of testing meters on consumers' premises or in meter shops.

E536b. ELECTRIC METER REPAIRS.

Charge to this account the cost of repairing meters in the distribution service, including new parts, new jewels, cleaning, and painting.

V. UTILIZATION EXPENSES.

541a. COMMERCIAL ARC LABOR.

Charge to this account the cost of labor employed in trimming and inspecting arc lamps on private consumers' premises and in municipal buildings.

541b. COMMERCIAL ARC SUPPLIES.

Charge to this account the cost of all supplies (such as carbons, globes, etc.) for arc lamps on private consumers' premises.

542. COMMERCIAL ARC REPAIRS.

Charge to this account the cost of keeping in repair private consumers' arc lamps and those in municipal buildings; including such matters as setting and removing lamps, repairing parts, changing for repairs and adjustment, and testing during adjustment and after repairs.

543a. COMMERCIAL INCANDESCENT INSTALLATION.

Charge to this account the cost of the first installation of incandescent lamps on consumers' premises (including cartage and delivery expenses) unless consumer is charged for the first installation, or unless it is proper to charge such first installation to capital. (See account No. E173.)

543b. COMMERCIAL INCANDESCENT RENEWALS.

Charge to this account the cost of renewing incandescent lamps on consumers' premises (including cartage and delivery expense) and cost of photometering incandescent lamps. Credit to this account any rebate received for the return of stubs, or allowances relating thereto.

544a. INSPECTION OF CONSUMERS' PREMISES.

Charge to this account the cost of inspection of consumers' premises, including such matters as the charge for municipal certificates, charge for Board of Fire Underwriters' inspection certificates, and that portion of the salaries and expenses of the engineering staff or of other departments than the distribution department engaged in technical work properly assignable to this account.

544b. REPAIRS OF CONSUMERS' INSTALLATIONS.

Charge to this account the cost of all labor and material furnished to consumers for inside work without special charge, including such matters as

attention to complaints or to improving the character of service, replacing or repairing wiring fixtures or electric appliances, moving appliances from place to place in houses and re-connecting the same, etc.

545a. MUNICIPAL STREET ARC LABOR.

Charge to this account the cost of labor employed in trimming and inspecting the arc lamps of the municipal street lighting system.

545b. MUNICIPAL STREET ARC SUPPLIES.

Charge to this account the cost of carbons, globes, etc., for the arc lamps of the municipal street lighting system.

546. MUNICIPAL STREET ARC REPAIRS.

Charge to this account the cost of changing location of lamp posts, changing lamps for repairs and adjustments, renewals, repairs of mast arms, hangers, poles, ropes, etc., and painting poles; also that portion of the arc lamp shop expense assignable thereto.

547a. MUNICIPAL STREET INCANDESCENT INSTALLATION.

Charge to this account the cost of the first installation of incandescent lamps in the municipal street lighting system, unless it is paid by the municipal corporation, or the lamps are of such character that it is proper to charge to capital. (See account No. E173, "Glower Lamps.")

547b. MUNICIPAL STREET INCANDESCENT RENEWALS.

Charge to this account the cost of renewing incandescent lamps in the municipal street lighting system.

548. MUNICIPAL STREET INCANDESCENT REPAIRS.

Charge to this account the cost of repairing municipal incandescent street lamps and fixtures.

NOTE.—This does not include items chargeable to maintenance of poles and their fixtures, or of subways, or conductors.

VI. COMMERCIAL EXPENSES.

E551. COMMERCIAL ADMINISTRATION — ELECTRIC.

Charge to this account the matters prescribed under the following heads:

a. Commercial Department Indexing: This covers the cost of indexing meters, including indexers' lamps.

b. Commercial Department Collecting: This covers the expense of the collection bureau, including collectors' salaries or commissions, badges, car fares, and delivering bills.

c. Commercial Department Contracts: This covers such part of the cost of the contract department as is not assignable to the Promotion Office, including attention to bill questions.

d. Commercial Department Accounting: This covers the cost of keeping the accounts of consumers, being a proportion of the salaries and expenses of general officer and assistants in charge of the commercial department, and salaries of bookkeepers and all clerks in the accounting department having to do with consumers' accounts.

e. Commercial Department Miscellaneous: This covers all expenses incurred in selling electric power and products, in determining the amount of such sales, in making collections, and in keeping account of such sales

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and collections as are not includible in the accounts of the indexing, accounting, collection, and contract divisions, or in the following accounts for promotion expenses.

E552. PROMOTION OFFICE EXPENSE — ELECTRIC.

Charge to this account the matters prescribed under the following heads:

a. *Promotion Management*: This covers the cost of administration of the department maintained for the promotion or development of electric consumption, including that portion of the salaries and expenses of management and clerks in agency and contract departments assignable to new business.

b. *Demonstrations*: This covers the cost of labor and expenses incurred in demonstrating the use of electric lamps and appliances for the purpose of obtaining new business.

c. *Other Promotion Office Expense*: This covers the office expenses of the promotion or new business department.

E553. ADVERTISING — ELECTRIC.

Charge to this account the matters prescribed under the following heads:

a. *Advertising Salaries and Expenses*: This covers the salaries and personal expenses of the advertising manager and clerks.

b. *Advertising Sundries*: This covers the cost of commercial advertising sundries, including booklets, dodgers, newspaper advertisements, posters, bulletins, and all related items.

E554. CANVASSING AND SOLICITING — ELECTRIC.

Charge to this account all expenses incurred in soliciting new business, including wages, commissions, and personal expenses of canvassers, cost of preparing estimates, engineering advice on wiring, etc., and office sundries in connection therewith.

E555. PROMOTION WIRING AND DEVICES.

Charge to this account the matters prescribed under the following heads:

a. *Promotion Wiring*: This covers the cost of wiring in consumers' premises furnished without special charge in order to induce new business.

b. *Promotion Signs and Devices*: This covers the cost of electric signs and other devices (including delivery and connection charges, and expenses in connection therewith) supplied to consumers without special charge in order to develop new business.

VII. GENERAL AND MISCELLANEOUS EXPENSES.

E833. SALARIES AND EXPENSES OF GENERAL OFFICERS.

Charge to this account the salaries and traveling and incidental expenses of the chairman of the board, president, vice-president, treasurer, secretary, comptroller, general auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system and whose services can not be satisfactorily allocated to the several departments.

E834. SALARIES AND EXPENSES OF GENERAL OFFICE CLERKS.

Charge to this account the salaries and traveling and incidental expenses of general office auditors, bookkeepers, cashiers, paymasters, stenographers,

clerks employed in counting cash, and all other clerks employed in the general office.

NOTE.—Cost of labor of clerks in the commercial department shall be charged to account No. E551, "Commercial Administration—Electric".

E835. GENERAL OFFICE SUPPLIES AND EXPENSES.

Charge to this account the cost of office supplies, repairs of office furniture, and renewals of such furniture as has not been capitalized; wages of janitors, porters, and messengers; rent of rooms in office buildings, repairs of such rented rooms, and all other miscellaneous expenses of general offices. Office expenses of departmental officers must be charged to the proper departmental accounts.

NOTE.—Rents charged to this account will be required to be reported separately.

E836. GENERAL LAW EXPENSES.

Charge to this account all law expenses except those incurred in the defense and settlement of damage claims. This includes salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work, should be properly apportioned between this account and account No. E847b, "Law Expenses Connected with Damages".

E837. MISCELLANEOUS GENERAL EXPENSES.

Charge to this account the cost of telephone service, telegrams, and other miscellaneous expenses (including all expense specially incurred in connection with the utilization and sale of byproducts, such as battery and other chemical waste, etc.) connected with the general management not otherwise provided for.

E838. INSURANCE.

Charge to this account premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

NOTE.—In their reports to the Public Service Commission corporations will be required to report the charges made to this account for the various kinds of insurance, and for self-insurance.

E839a. RELIEF DEPARTMENT EXPENSES.

Charge to this account all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

E839b. PENSIONS.

Charge to this account all pensions paid to retired employees, and expenses in connection therewith.

E840. ELECTRIC FRANCHISE REQUIREMENTS.

Charge to this account the cost of all energy and materials and supplies furnished to municipal corporations in compliance with franchise requirements and for which no payment is received by the corporation; also of all direct expense, such as paving and other like matters, incurred in compliance with such requirements and for which no reimbursement is received by the

corporation. Amounts charged to this account for which there is no direct money outlay shall be credited to the below provided account, No. E853, "Duplicate Electric Charges — Cr."

E842. GENERAL AMORTIZATION — ELECTRIC.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the month in the tangible electric capital of the corporation, such portion of the life of intangible fixed capital as has expired or been consumed during the month, and the amount estimated to be necessary to provide a reserve to cover the cost of property destroyed by extraordinary casualties; less the amounts charged for that month to the various repair accounts in Electric Operating Expenses. The amount charged (or credited) to this account shall be concurrently credited (or charged) to the reserve account No. 374, "Accrued Amortization of Capital".

NORM A.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of kilowatt-hours sold. Amortization of intangible capital shall likewise be based on rule. Whatever may be its basis, such rules and a sworn statement of the facts and expert opinions and estimates upon which they are based shall be filed with the Public Service Commission on or before January 1, 1909; each amendment of any such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Amortization of Capital".

NORM B.—When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. E100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the reserve account, "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit". Where capital is substantially continuous and can not be satisfactorily individualized, it shall be kept in efficient operating condition through repair, and the renewals and replacements of parts thereof shall be considered repairs. In the case of buildings, towers, bridges, trestles, and other separate structures capable of being readily individualized, charges to this account must be sufficient to provide (in respect of such capital and except as provided in account No. E100, "Fixed Capital, December 31, 1908,") in the account "Accrued Amortization of Capital" by the time such structures go out of service a reserve equal to the original money cost thereof, less salvage, to which account such original cost, less salvage, shall be charged.

E845. ELECTRIC EXPENSES TRANSFERRED — Cr.

Credit to this account the proportion of operating expenses (including depreciation and other amortization as well as repairs) chargeable to other coördinate departments (such as gas or street railroad) within the same corporation, but defrayed in the first instance by the electric department.

NORM.—Do not credit to this account any allowance in the nature of rent or return upon the cost or value of property.

E846. JOINT OPERATING EXPENSE — Cr.

When any plant or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others under an arrangement

for apportioning (on the basis of the relative amounts of benefit to the several participants) the operating expenses, the portion of such expenses chargeable to others under the arrangement shall be credited to this account. The portion so credited must not include any allowance for profit or return upon the value of such property.

NORM A.—The foregoing should be read in connection with the definition of revenue account No. 425, "Joint Electric Rent Revenue". (See page 83.)

NORM B.—In the case of the production of power part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to the appropriate revenue account covering the sale of power. (See accounts Nos. 404, 407, 409, 410, and 411.)

E847a. ACCIDENTS AND DAMAGES.

Charge to this account all expenses (other than law expenses provided for in the succeeding account) on account of persons killed or injured and property damaged in connection with the operation of the plant, as enumerated under the following heads, which must be separately shown in annual reports to the Public Service Commission:

a. Claim Department Expense: This head includes salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

b. Medical Expenses: This head includes salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

c. Injuries to Employees: This head includes amounts paid in settlement of claims of employees for injuries arising in the course of their employment; also wages paid to disabled employees while off duty.

d. Other Personal Injuries and Property Damage: This head includes amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the plant; also amounts paid in settlement of claims for damage to property not owned by the accounting corporation.

e. Other Accident Expenses.

NORM.—If it is desired that the charge to operating expenses on account of injuries and damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

E847b. LAW EXPENSES CONNECTED WITH DAMAGES.

Charge to this account all law expenses in connection with the defense or settlement of damage claims, including—

a. Salaries and Expenses of Attorneys: A proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work.

b. Court Costs and Expenses: Fees of court stenographers, expenses connected with taking depositions, and other court expenses.

c. Law Printing: Cost of law books, and cost of printing briefs, court records, and similar papers.

NORM A.—In their annual reports to the Public Service Commission corporations will be required to classify the charges to this account under the three heads, (a), (b) and (c), above given.

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NOTE B.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account No. E836, "General Law Expenses".

NOTE C.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 881, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

E848. GENERAL STATIONERY AND PRINTING.

Charge to this account all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing briefs and other legal papers shall be charged to account No. E836, "General Law Expenses," or No. E847b, "Law Expenses Connected with Damages," in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter shall be charged to account No. E553, "Advertising—Electric".

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized, shall, if for use in general offices, be charged to account No. E835, "General Office Supplies and Expenses"; or if for the use of departmental offices, to the proper departmental accounts.

E850. STORE EXPENSES.

Charge to this account all salaries and expenses in connection with store-rooms, including cost of sending material and supplies from general store-rooms to branch storerooms, and the collection of scrap material.

E851. STABLE EXPENSES.

Charge to this account the cost of feed, keep, and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses; also the cost of repairing harness and vehicles.

NOTE.—The cost of horses purchased to replace others should be charged to account No. E122, "General Equipment".

E852. UNDISTRIBUTED ADJUSTMENTS — BALANCE.

At least once a year an inventory of materials and supplies shall be taken, and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account in case it can not be assigned to a specific account. Credit to this account all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NOTE.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to account No. E285, "Miscellaneous Construction Expenditures".

E853. DUPLICATE ELECTRIC CHARGES — CR.

Credit to this account all charges made to any accounts in electric operating expenses in respect of any electric power or other product of electric operations of the corporation consumed therein.

17. Expenses of Outside Operations.—The detailed expense accounts for other than electric operations will be elsewhere provided for.

18. **Tax accounts.**—An account shall be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account shall be appropriately entitled (as *e. g.*, "Taxes Assignable to Electric Operations," "Taxes Assignable to Non-operating Revenues," etc.), and shall be so kept as to show separately the following:

State Franchise Tax on Capital Stock,
State Franchise Tax on Gross Earnings,
Special Franchise Tax,
Taxes on Land (exclusive of improvements),
Taxes on Improvements on Lands,
Taxes on Personal Property,
Other Taxes (showing in detail).

To each tax account there shall be charged monthly the amount of taxes accruing during the month, and such amount shall be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any month shall, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter shall be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be \$600 for the year, the monthly charge on account of such tax should be \$50 until the amount of the levy becomes known. If during, say the fifth month, it is found that the levy for the year is \$640, there will already have been charged up four months at \$50 per month, leaving \$440 to be charged during the remainder of the year, or \$55 for the fifth month and each month thereafter during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Public Service Commission.

19. **Uncollectible Bills.**—For uncollectible electric bills the following account is provided:

E870. UNCOLLECTIBLE ELECTRIC BILLS.

When, after a reasonably diligent effort to collect, any account stated for electric energy sold has proved impracticable of collection, it shall be charged to this account and credited to the account receivable in which theretofore charged.

20. **Definitions of Non-operating Revenue accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

E901a. RENT ACCRUED FROM LEASE OF ELECTRIC PLANT.

Credit to this account monthly as they accrue all revenues flowing to the corporation from its interests in electric plant or equipment held by others under some form of lease whereby it surrenders possession of such property. This account contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account.

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If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

E901d. MISCELLANEOUS RENT REVENUES.

Credit to this account monthly as they accrue all miscellaneous rent revenues flowing to the corporation as a return upon leased property other than electric plant and equipment. Such revenues shall be classified as follows:

Leasehold Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease the entire term of which is greater than one year. This contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

Other Rent Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease or contract for a term not to exceed one year from the beginning of the term, or held at will or upon sufferance. This account contemplates that the taxes on property of this character shall be paid by the landlord and charged to the appropriate tax account. If under the contract covering the holding for terms of one year or less, or at will, the taxes are to be paid by the tenant, the amount of such taxes shall be credited month by month to this account as they accrue, and shall correspondingly be charged to the tax account covering taxes on property of this character.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

E902. INTEREST REVENUES.

Credit to this account monthly as it accrues all—

Interest from Bond Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Free Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Other Sources: That is to say, all interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the two foregoing heads, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

E903. DIVIDEND REVENUES.

Credit to this account at their cash value and as of the date when collectible, all—

Dividends on Bond Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its bond investments.

Dividends on Free Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its free investments.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

E904. PROFITS FROM OPERATIONS OF OTHERS.

Whenever, in accordance with the terms of any contract, the corporation is entitled to participate in the profits resulting from the operations of others, all revenues accruing to the corporation from such source shall be credited to this account.

NOTE.—This account does not include any dividends on stocks. Such dividends should be credited to account No. E903, "Dividend Revenues".

E905. MISCELLANEOUS NON-OPERATING REVENUES.

To this account shall be credited all non-operating revenues accruing to the corporation and not provided for in any of the foregoing accounts.

21. Definition of Non-operating Revenue Deductions account.—To an account entitled "Non-operating Revenue Deductions" shall be charged all matters provided for under the following sub-accounts:

a. RENT EXPENSE: This sub-account includes all matters provided for under the following two heads:

Leasehold Expense: That is to say, all expense arising in connection with the procuring of revenues from leaseholds having terms greater than one year, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such leaseholds. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This head includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as reparable wear and tear. It does not include taxes.

Other Rent Expense: This head is analogous to the preceding head "Leasehold Expense," and differs from that only in that this provides for expense in connection with property let for a term of one year or less.

b. INTEREST EXPENSE: This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

c. DIVIDEND EXPENSE: This sub-account includes all expense arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

d. OTHERS' OPERATIONS EXPENSES: This sub-account includes the cost of negotiating contracts whereunder the corporation is to participate in profits

resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

e. MISCELLANEOUS NON-OPERATING EXPENSE: This sub-account includes all non-operating expense (as hereinbefore defined) which is not provided for in the foregoing sub-accounts.

f. NON-OPERATING TAXES: This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

g. UNCOLLECTIBLE NON-OPERATING REVENUES: When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof shall be credited to the account in which theretofore charged, and charged to the account "Non-operating Revenue Deductions" under the head of "Uncollectible Non-operating Revenues".

NOTE.—In annual reports of corporations to the Public Service Commission this account will be required to be fully analyzed.

22. Income Deductions.—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by the operating expenses, the taxes, and the uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly for the non-operating revenues, the non-operating expenses, and the non-operating taxes.

The aggregate of the incomes from the several operations and the non-operating incomes is the gross income applicable to corporate and leased properties. As has before been said, the gross income is, in the usual case, subject to various compulsory deductions, and these are hereinafter called *Income Deductions*.

23. Definitions of Income Deductions accounts.—In the following definitions the letters and numbers prefixed to the titles of the several accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

921. INTEREST DEDUCTIONS.

Charge to this account monthly (or as otherwise below directed) all matters provided for under the following five heads:

Absolute Interest Accrued on Funded Debt: This head includes all interest accruing absolutely on the outstanding funded debt of the corporation.

Contingent Interest Accrued on Funded Debt: This head includes when the contingency occurs all interest accruing contingently on the outstanding funded debt of the corporation. This includes such matters as interest on income bonds.

Interest Accrued on Receiver's Certificates: This head includes all interest accruing on receiver's certificates which are liens upon the property of the corporation or any part of it.

Interest Accrued on Other Unfunded Debt: This head includes all interest accruing on all unfunded debt of the corporation except receiver's certificates.

Interest Accrued on Debenture Stocks: This head includes all interest accruing on the outstanding debenture stocks of the corporation.

Entries in the account "Interest Deductions" must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

922a. RENT FOR LEASE OF OTHER ELECTRIC PLANT.

Charge to this account monthly all amounts accrued against the accounting corporation for rent of electric plant and equipment which it holds under some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such plant and equipment shall not be charged to this account but to the appropriate Taxes account. If such taxes are (under the contract of lease) payable by the lessor or reversioner, they shall be credited to this account and charged to the appropriate Taxes account. Such taxes, when paid by the lessor or reversioner, shall be charged to its rent revenue account and not to its Taxes account, to the end that taxes upon such plant and equipment shall be reported by the corporation in possession.

922. OTHER RENT DEDUCTIONS.

Charge to this account the matters provided for in the following sub-accounts:

f. JOINT FACILITY RENTS: Where any plant or equipment is maintained or operated by another corporation for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such plant or equipment over and above depreciation and other expense of maintenance and operation, such pure rent, or profit, or return upon property shall be charged to this sub-account.

NOTE.—This should be read in connection with revenue account No. 425, "Joint Electric Rent Revenue".

g. MISCELLANEOUS RENT DEDUCTIONS: This sub-account includes all miscellaneous rents payable not elsewhere provided for.

NOTE A.—Rents for furnished offices (and for office rooms in office buildings heated and lighted by the landlord) should not be charged to this account, but to the appropriate expense account.

NOTE B.—Entries in this account must be made in such wise as to permit an analysis in the annual report of the corporation in accordance with the sub-accounts above defined.

923. SINKING FUND ACCRUALS.

Charge to this account month by month all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

924. GUARANTIES OF PERIODIC PAYMENTS.

Charge to this account all unsecured accruals of obligations arising under contracts whereby the corporation has guaranteed the annual or more frequent periodic payment of money or performance of other obligation on the part of another corporation or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This account does not include such matters as guaranties of payment of principal of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation

has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the unsecured portion thereof shall be charged to this account.

925. LOSS ON OPERATIONS OF OTHERS.

Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged to this account.

926. OTHER CONTRACTUAL DEDUCTIONS FROM INCOME.

Charge to this account month by month all contractual liabilities arising from annual or other more frequent periodic matters and not includible in any of the foregoing accounts. This account includes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

927. AMORTIZATION OF LANDED CAPITAL.

Charge to this account at the close of any fiscal period such portion of the original money cost (estimated if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account shall be concurrently credited to account No. 374, "Accrued Amortisation of Capital".

NOTE B.—When any landed capital expires or is otherwise retired from service (as *e. g.*, through sale), the capital account or other indicant account (if any) originally charged therewith shall be credited with the amount originally charged, the account "Accrued Amortisation of Capital" shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

928. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE.

Charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to account No. 939, "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

929. AMORTIZATION OF PREMIUM ON DEBT—Cb.

Credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium at which such debt was issued. Such amortization may at the option of the corporation be effected by crediting all or any portion of such premium to account No. 931b, "Other Additions to Surplus," only upon the maturity of the debt.

24. Appropriations.—The balance resulting from closing the foregoing Income Deduction accounts for any fiscal period into Gross Income for that period gives the Net Corporate Income for the period. The net corporate income being of the same nature as the corporate surplus shall be closed into the "Corporate Surplus or Deficit" account. The group of accounts which show for any fiscal period the changes in the "Corporate Surplus or Deficit" account are designated the "Appropriation" accounts, for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period each of the "Appropriation" accounts shall be closed into the "Corporate Surplus or Deficit" account.

25. Definitions of Appropriation accounts.—In the following definitions of the Appropriation accounts the letters and numbers prefixed to the titles of the accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

931a. BAD DEBTS COLLECTED.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

931b. OTHER ADDITIONS TO SURPLUS.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

932. EXPENSES ELSEWHERE UNPROVIDED FOR.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc., fines levied on directors, officers, and other employees and assumed by the corporation, donations to funds, to churches and other associations, and other like expenses and outgoes.

933. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall thereupon be charged to this account. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

934. AMORTIZATION ELSEWHERE UNPROVIDED FOR.

Charge to this account such amortization as is not elsewhere provided for. This account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

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935. APPROPRIATIONS TO RESERVES.

Charge to this account all optional appropriations to reserves.

936. GIFTS TO CONTROLLED CORPORATIONS.

Charge to this account all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

937. OTHER APPROPRIATIONS.

Charge to this account all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

938. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as have been provided for in the heretofore defined "Uncollectible Bills" accounts must not be included in this account.

939. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

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UNIFORM SYSTEM OF ACCOUNTS

**AS ESTABLISHED FOR ELECTRICAL CORPORATIONS WITH ANNUAL
GROSS OPERATING REVENUES BELOW \$500,000.**

ADOPTED DECEMBER 1, 1908; EFFECTIVE JANUARY 1, 1909.

STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION, SECOND DISTRICT.
At a session of the Public Service Commission, Second
District, held at the Capitol, Albany, on the 1st
day of December, 1908.

Present:

FRANK W. STEVENS, Chairman,
THOMAS M. OSBORNE,
MARTIN S. DECKER,
JAMES E. SAGUE,
JOHN B. OLMPED,
Commissioners.

Ordered: That, except as hereinafter provided:

1. On and after January 1, 1909, every electrical corporation whose revenues from electric operations as defined in the hereto annexed schedule marked "Schedule A" were during the year ended June 30, 1907, below the sum of five hundred thousand dollars (\$500,000) shall keep upon its books the accounts prescribed or defined in the said "Schedule A", so far as the said accounts are pertinent to the facts and circumstances of the said corporation. The term electrical corporation is used herein in the sense defined in the Public Service Commissions Law.

2. On and after the date of service of this order on any such electrical corporation, such corporation shall not charge to any account representing cost of property any discount or commission on securities issued by the said corporation, but shall charge all such discounts, commissions, and other expense connected with the issue of securities subsequent to the said date of service, in accordance with the directions contained in the definitions of the account named Organization, and the account named Unamortized Debt Discount and Expense, in the said "Schedule A".

3. On and after January 1, 1909, every such electrical corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule B", so far as the same are pertinent to the facts and circumstances of the said corporation.

4. During the year beginning January 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun January 1, 1908; provided that on or before January 1, 1909, there be filed with the Public Service Commission a statement containing a list of the said accounts pertaining to the year begun January 1, 1908, and definitions of such accounts.

5. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary,

**STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION, SECOND DISTRICT.
At a session of the Public Service Commission, Second
District, held at the Capitol, Albany, on the 1st
day of December, 1908.**

Present:

**FRANK W. STEVENS, Chairman,
THOMAS M. OSBORNE,
MARTIN S. DECKER,
JAMES E. SAGUE,
JOHN B. OLMSTED,
Commissioners.**

Ordered: That, except as hereinafter provided:

1. On and after January 1, 1909, every electrical corporation whose revenues from electric operations as defined in the hereto annexed schedule marked "Schedule A" were during the year ended June 30, 1907, below the sum of five hundred thousand dollars (\$500,000) shall keep upon its books the accounts prescribed or defined in the said "Schedule A", so far as the said accounts are pertinent to the facts and circumstances of the said corporation. The term electrical corporation is used herein in the sense defined in the Public Service Commissions Law.

2. On and after the date of service of this order on any such electrical corporation, such corporation shall not charge to any account representing cost of property any discount or commission on securities issued by the said corporation, but shall charge all such discounts, commissions, and other expense connected with the issue of securities subsequent to the said date of service, in accordance with the directions contained in the definitions of the account named Organization, and the account named Unamortized Debt Discount and Expense, in the said "Schedule A".

3. On and after January 1, 1909, every such electrical corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule B", so far as the same are pertinent to the facts and circumstances of the said corporation.

4. During the year beginning January 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun January 1, 1908; provided that on or before January 1, 1909, there be filed with the Public Service Commission a statement containing a list of the said accounts pertaining to the year begun January 1, 1908, and definitions of such accounts.

5. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary,

experimental, or divisional account, the said corporation shall file with the Public Service Commission, at least ten days in advance of the time when the said account is to be instituted, a statement showing the name of the said account, the date when it is to be instituted, the purpose for which it is to be kept, the period of time during which it is to be kept, and a clear and accurate definition of the classes of items and facts to be contained in the said account; and in case of a divisional account, the definition of the division covered. Upon compliance with the provisions of this paragraph, any account herein prescribed or defined in either said "Schedule A" or said "Schedule B" may be subdivided.

6. All notices herein required to be filed concerning accounts shall be upon sheets 9½ inches by 12 inches in size, and shall be entitled in the name of the corporation filing said notices, followed by a brief statement of the character of the accounts covered by the notice.

SCHEDULE A.

BALANCE SHEET OR INDICANT ACCOUNTS.

1. **Electrical Corporations and Electric Operations defined.**—Section 2 of the Public Service Commissions Law defines *electrical corporation* as follows:

§ 2. . . . The term "electrical corporation" . . . includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever (other than a railroad or street railroad corporation generating electricity for its own use exclusively), owning, operating, managing or controlling any plant or property for generating and distributing, or generating and selling for distribution, or distributing electricity for light, heat or power or for the transmission of electric current for such purposes.

Electric operations, as the term is hereinafter used, include all acts and transactions directly connected with the operation of a plant for the production of electric energy, the transmission thereof and the supply thereof to consumers for light, heat, or power, and all operations incident thereto, including the collection of revenues therefor and the disposition of byproducts produced in connection therewith.

2. **Accounts to be kept by double-entry method.**—All accounts kept by any corporation or person within the scope of the present order shall on and after January 1, 1909, be kept by the double-entry method.

NOTE.—This requirement is not intended to apply to purely statistical accounts.

CAPITAL ACCOUNTS.

3. **Capital defined.**—As the term is used herein, by *capital* of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. **Fixed Capital defined.**—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen¹) is called *fixed capital*.

5. **Floating Capital defined.**—Capital other than fixed capital is called *floating capital*.

6. **General Capital and Departmental Capital defined.**—Fixed capital is divisible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the use of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

¹Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

7. **Landed Capital and Non-landed Capital defined.**—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called *non-landed capital*.

8. **Intangible and Tangible Capital distinguished.**—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible property within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses.¹

9. **Further Classification of Capital.**—Capital is also divisible into *original capital*, *additions*, *betterments*, and *renewals* and *replacements*, as defined below. Charges to capital accounts shall show these divisions as set forth in paragraph 21, *infra*.

10. **Original Capital defined.**—*Original Capital* is that put into service at the outset of an enterprise.

11. **Additions defined.**—*Additions* include additional structures, facilities, or equipment not taking the place of anything previously existing.

12. **Betterments defined.**—*Betterments* include the enlargement or improvement of existing structures, facilities, and equipment.

13. **Renewals defined.**—*Renewals* include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. **Replacements defined.**—*Replacements* include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When a substitute has a substantially greater capacity than that for which it is substituted, the cost of substitution of one of the same capacity as the thing replaced should be charged as a replacement, and the remaining portion of the cost of the actual substitute should be charged as a betterment.

15. **Repairs defined.**—When through wear and tear or through casualty it becomes necessary to replace some part of any structure, facility, or unit of equipment, and the extent of such replacement does not amount to a substantial change of identity in such structure, facility, or unit of equipment, the replacement of such part is to be considered a repair, and the cost of such repair is to be treated as an operating expense and must not be charged as a replacement in any capital account.

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

16. **First entries must enable identification.**—Throughout all capital accounts, the first entry in respect of any particular thing shall describe it with such particularity as to enable its identification, and shall give it a distinguishing name, number, or other designation by which it shall thereafter be designated in every entry in any capital account which in any way concerns it. In the case of continuous structures like railroad track, or electric line, or pipe line, such structures shall be itemized to the extent that no item shall contain more than one operating division or more than one type of construction, and the entry in relation to any item shall describe the size, weight, type, and other principal physical characteristics of the chief constituent parts, together with their spacing if discontinuous.

17. **Costs of new capital to be actual money costs.**—All charges made to capital or other accounts on or after January 1, 1909, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

18. **Discounts upon securities not to be charged to capital accounts.**—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

19. **Costs of labor, materials, and supplies.**—Cost of labor (employed in construction) includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of *material and supplies* consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

20. **Withdrawals or retirements.**—When anything is withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

21. **Particulars required to be shown in entries.**—Every charge made to a capital account on or after January 1, 1909, shall show whether the thing in respect of which the charge is made is original capital, or an addition, a betterment, a renewal, or a replacement. If the thing is a betterment, the entry shall designate the thing enlarged or improved and shall cite by name and page of book or other record the original entry of cost of such thing enlarged or improved. If the thing to which any charge hereafter made re-

lates is a renewal or a replacement, the entry made in respect thereof shall designate the thing renewed or replaced and shall cite by name and page of book or other record the original entry or entries of cost of such thing renewed or replaced. If there is no entry in the accounts of the corporation showing the cost (to the corporation) of the thing bettered, renewed, or replaced, that fact shall be stated in the entry describing the betterment, renewal, or replacement, and the original cost of such thing to the corporation shall be stated. Such cost shall be estimated if not known, and when estimated the basis of such estimation shall be shown.

22. Betterments involving partial destruction of thing bettered.—If any betterment involves the partial destruction or partial reconstruction of the thing bettered, only such portion of the cost of the change shall be charged as a betterment as will when added to the original cost (estimated if not known) of the thing bettered give the cost of reconstruction or replacement of the thing as bettered, and the remainder of the cost of the change (account being taken of any salvage) shall be charged to the appropriate repair account.

H. O., a building, original cost unknown but estimated to be \$15,000, is bettered by the construction of an elevator shaft, and its stairways are modified so as to be fireproof; the actual expenditure for these changes is \$3,000; the estimated cost of replacement of the building (as modified) with one equally serviceable and with an equal expectation of life is \$16,000; the charge to capital account as a betterment should be \$1,000, and the remainder (\$2,000) of the expenditure should be charged to the appropriate repairs account.

23. Plant and equipment and other capital purchased.—When any fixed capital in the form of a going or completed plant is purchased, an appraisal of such capital so acquired shall be made, and the different constituent elements of the plant (and equipment, if any) or other capital acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence, and inadequacy. If the actual money value of the consideration given for the plant or other capital was at the time of the acquisition in excess of such appraised value, the excess shall be charged to the account "Other Intangible Electric Capital," and the appraised values of the constituent elements shall be charged to the appropriate accounts as designated in the following definitions of accounts for fixed capital. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each plant or other such fixed capital purchased, will be required to be made to the Public Service Commission, and the purchaser will be required to procure in connection with the acquisition of any such plant or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such plant, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

24. **Definitions of Fixed Capital accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

E100. FIXED CAPITAL, DECEMBER 31, 1908.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to electric operations as such capital stood at the close of December 31, 1908. Such charges shall be made at the figures at which such capital was carried on the books of the said person or corporation on that date. When any capital included in such account is retired from service, the amount at which it is charged therein shall be credited to this account; the amount of depreciation or other amortization thereon applicable to the period subsequent to December 31, 1908, shall be charged to account No. 374, "Accrued Amortization of Capital," proper account shall be taken of any salvage, and the remainder of the amount originally charged to capital shall be concurrently charged to the Corporate Surplus or Deficit account (or equivalent account carried on the books on December 31, 1908), unless there was carried on the books at that date a reserve to cover retirement of capital from service, in which case the said concurrent charge shall be made to such retirement reserve account. If the amount at which the said capital in service on December 31, 1908, and subsequently retired from service, was included in the said account is not disclosed on the books and records of the accounting person or corporation and is not within the knowledge of such person or corporation or officers or other employees thereof, it shall be estimated, and such estimated amount shall be treated as is above directed for the actual amount, the fact of estimation being stated in the entry.

NOTE.—Corporations will be required to carry as sub-accounts of the account "Fixed Capital, December 31, 1908," the several accounts on their books on that date which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

The following capital accounts are prescribed for transactions subsequent to December 31, 1908:

E110. LAND DEVOTED TO ELECTRIC OPERATIONS.

Charge to this account the cost of the accounting corporation's landed capital which is devoted to electric operations as hereinbefore defined. This includes land occupied by generating stations and their appurtenances, rights of way for transmission and distribution lines and other electric operations; also those for canal and pipe lines, water rights, and rights of pondage, flowage, and submersion, where such rights have lives in excess of one year from the date when such land is placed in service. Such cost includes, when assumed or paid by the purchaser in its own behalf, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired; also costs of obtaining consents and payments for abutting damages.

NOTE A.—Cost of buildings and other improvements must not be included in this account.

NOTE B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to its electric operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the

appropriate structures account, and excluded from the account "Land Devoted to Electric Operations". If such improvements are not devoted to electric operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land Devoted to Electric Operations". The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Public Service Commission the subdivision of the cost of its land devoted to electric operations into the following:

- Land Occupied by Generating Stations.
- Land Occupied by Outside Sub-stations.
- Water Rights.
- Other Land Devoted to Electric Operations.

101. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiation and issue of stock thereunder, shall be classed as additions. Cost of preparing and filing certificates of amendment of articles of incorporation shall be classed as a betterment. Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classed as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

E102. FRANCHISES (ELECTRIC).

To this account shall be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" (section 69 of the Public Service Commissions Law) as is necessary to the conduct of the corporation's electric operations. If any such franchise is acquired by means assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Electric Capital". If any such franchise has a life of *not more than one year after the date when it is placed in service*, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments" if extending beyond the fiscal year.

Payments made to the State or to some subdivision thereof as a consideration for granting an extension for more than one year of the life period of a franchise shall be classed as renewals. Those made as a consideration for

franchises or extensions thereof covering additional territory to be operated as a part of an existing system shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NORM.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

E103. PATENT-RIGHTS (ELECTRIC).

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's electric operations. If any such right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent-right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

E104. OTHER INTANGIBLE ELECTRIC CAPITAL.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to electric operations. All entries or charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

E121. GENERAL STRUCTURES.

Charge to this account the cost of all buildings and other structures of a permanent character devoted to general corporate purposes, not restricted to electric operations and not includible in any of the departmental accounts; also of all fixtures permanently attached thereto and made a part thereof, such as water pipes and fixtures, steam pipes and fixtures for warming and ventilating, gas pipes and fixtures for lighting, etc., electric wiring and fixtures for lighting, signaling, etc.; elevators, etc., and the engines and motors specially provided for operating them; furnaces, boilers, etc., specially provided for producing steam for such engines and for heating; electric generators specially provided for producing current for lighting such buildings, etc. This account includes such piers and other foundations for machinery and apparatus as are designed to be as permanent as the buildings in (or in connection with) which they are constructed, and to outlast the first machinery or apparatus mounted thereon.

NORM A.—Among such buildings may be mentioned general office buildings, general shop buildings, general storehouses, general stable buildings, etc. Where general offices, shops, storehouses, stables, etc., are in buildings includible in a departmental account, as e. g., in a power station building, no part of the cost of such building shall be charged to this account. This account is provided for structures of a general or miscellaneous character not assignable to any particular department.

NORM B.—When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a general building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate departmental capital account, and no part to the account "General Structures".

NOTE C.—The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, should be charged to the same account as is the cost of the machinery or apparatus for which they are provided.

E122. GENERAL EQUIPMENT.

Charge to this account the cost of all equipment of general structures, as provided under the following heads:

a. *General Office Equipment*: This includes the cost of all equipment of general offices, such as desks, chairs, tables, movable safes, filing cases, drafting room equipment, and other like office appliances and equipment; also engineering instruments.

b. *General Shop Equipment*: This includes the cost of all equipment specially provided for general shops, such as furnaces, boilers, gas producers, engines, electric generators, and other power apparatus used in operating machinery in such shops; machine tools, cranes, hoists, shafting, belts, and the like shop equipment; also such smithing equipment in general shops as is used principally for other general purposes than shoeing horses and repairing vehicles.

NOTE.—Hand and other small portable tools liable to be lost or stolen shall not be included herein, but portable tools and apparatus of special value may be charged to this account and remain herein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

c. *General Store Equipment*: This includes the cost of all equipment of general store structures, such as movable counters, movable shelving and other movable equipment of like nature, carts, barrows, trucks, etc., and other apparatus and appliances used in handling materials and supplies.

NOTE.—Counters, shelving and the like which are permanently attached to the structure shall be charged to account No. E121, "General Structures," and not to this account.

d. *General Stable Equipment*: This includes the cost of all equipment of general stables, including horses, harness, drays, wagons, automobiles and other vehicles, equipment of shoeing shops, harness repair shops, vehicle repair shops, etc.

E131. DAMS, CANALS, AND PIPE LINES.

Charge to this account the cost of all dams, canals, aqueducts, and pipe lines devoted to the utilization of water power and the delivery of the water to the headgate of the turbine or water-wheel; also that of all wasteways from the outlet of the draft-tube to the point of final discharge. This includes all gates, valves, and other accessories of such dams; also wasteways, sluices, forebays, grids, walls, fences, etc., for the protection of such canals and pipe lines, and all trestles and other supporting structures; also all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines.

E132. POWER PLANT BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for housing power generating plants. This account includes cost of excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

E141a. FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in generating electric energy. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also iron smokestacks. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

E141b. STEAM ENGINES.

Charge to this account the cost of all steam engines devoted to the production of electric energy. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers, air and circulating pumps, lubricating systems, etc., but not the steam pipe leading from the boiler, nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the steam engine and the electric rotor thereon shall be considered a part of the electric equipment.

E142. TURBINES AND WATER-WHEELS.

Charge to this account the cost of all turbines and water-wheels devoted to the conversion of water power into mechanical power for the production of electric energy. This includes the specially provided foundations and settings of such engines, also their governors and all other appurtenant apparatus attached thereto from and inclusive of the headgates and governors to (but exclusive of) the wasteway. Where the electric rotor is mounted on (not merely coupled to) the shaft of the hydraulic engine, the shaft shall be considered a part of the hydraulic engine and the electric rotor thereon shall be considered a part of the electric equipment.

E143a. GAS PRODUCERS AND ACCESSORIES.

Charge to this account the cost of producers and accessories devoted to the production of gas for the purpose of operating electric generators, including the cost of specially provided foundations and settings for such producers and accessories. This account includes producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhausters outfits, seals, specially provided boilers and pumps, flues and piping, blower engines, pipes for the conduction of gas from such producers to holders and to gas engines, holders for producer gas, exhaust pipes from gas engines, etc. It does not include pipes whose primary purpose is the warming of buildings; nor does it include power transmission apparatus, or water pipes, steam pipes, water pumps, or inspirators.

E143b. GAS ENGINES.

Charge to this account the cost of all gas engines devoted to the production of electric energy, including the specially provided foundations and settings of such engines. The engine includes the inlet valve, governor, and ignition and starting apparatus, but not the pipe leading from the gas holder,

nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the engine and the electric rotor thereon shall be considered a part of the electric equipment.

E144a. ELECTRIC GENERATORS.

Charge to this account the cost of all electric generating apparatus driven by engines operated by steam, water, or gas; and rotaries and motor generating sets, exciters, etc., when not installed in connection with transmission systems. This includes the specially provided foundations and settings of such apparatus. Where the electric rotor of such apparatus is mounted on the shaft of the steam, hydraulic, or gas engine, the rotor is to be included herein, but not the shaft. Belts, countershafts, and other like intermediaries between such engines and the generators are also to be excluded herefrom.

NOTE.—Regarding transmission and distribution, see the note to account No. E103, "Transmission System".

E144b. ACCESSORY ELECTRIC POWER EQUIPMENT.

Charge to this account the cost of all electric equipment of generating stations not includible in the last foregoing account. This account includes bus-bars, regulators, station switchboards and equipment, such as circuit-breakers, switches, ammeters, voltmeters, wattmeters, and the like, and their foundations and settings; also headgate motors, pump motors, air compressor motors, etc., and special high-tension transmission equipment at power stations, such as high-tension bus-bars, high-tension switchboards, high-tension switches, high-tension current transformers, high-tension lightning arresters, high-tension potential transformers, high-tension reactive coils, high-tension choke coils, high-tension grounding devices and resistances, high-tension raising and lowering transformers, etc.

E145. MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of all miscellaneous equipment at power plants which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

NOTE.—This account should not include any sub-station equipment.

E151. SUB-STATION BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for power sub-station purposes, including excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

NOTE.—No charge should be made to this account in respect of a power plant building, even though such building also contains sub-station apparatus.

E152. SUB-STATION EQUIPMENT.

Charge to this account the cost of all equipment of sub-stations. Such equipment includes not only electric machinery and apparatus, including storage batteries, in sub-stations, but also all other furniture and equipment, such as furnaces, boilers, stoves, elevators, etc., permanently assigned to such stations but not affixed to the structures thereof. It does not include laboratory instruments and apparatus not permanently assigned thereto, nor does it include tools only temporarily assigned to such stations.

E161. POLES AND FIXTURES.

Charge to this account the cost of towers, structures, poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the towers, structures, and poles in position; and all labor expended in connection with the construction of pole lines or structures for carrying the transmission and distribution systems.

E162. UNDERGROUND CONDUITS.

Charge to this account the cost of conduits required for underground wires and cables, including manholes, ducts and pipes, sewer connections, sewer traps, and all material necessary for the completion of the underground conduit system devoted to the protection of the transmission and distribution systems.

E163. TRANSMISSION SYSTEM.

Charge to this account the cost of the transmission system, including cables, wires, insulators, and insulating material.

NORM.—When the electric current generated (or received from another corporation) is conducted, either at the voltage of generation (or receipt) or at a higher voltage, to a point where it is (a) lowered in voltage by means of step-down transformers, or changed as to kind or frequency by means of (b) motor generator sets, (c) rotary converters, or (d) frequency changers, that portion of the outside line or conductor system antecedent to the said stepdown transformers, motor generator sets, rotary converters, or frequency changers, shall be classed as the Transmission System; except, however, that primary wiring in lighting systems at not to exceed 4,400 volts, 4-wire, 3-phase, shall be classed as a part of the Distribution System. Tie-lines between generating stations and sub-stations shall follow the same rule. Line transformers are not included among the "stepdown transformers" above mentioned.

E164. DISTRIBUTION SYSTEM.

Charge to this account the cost of all distribution main conductors and feeders, including the cost (in place) of all cables, wires, insulators, and insulating material.

This account shall be subdivided so as to show separately the following:

a. *Overhead Distribution System;*

b. *Edison Tube System*, including the cost in place of all the Edison tube system material, such as junction boxes, tubing material and conductors, coupling boxes, etc.;

c. *Other Underground Distribution System.*

NORM A.—The amounts charged to the subdivisions above stated will be required to be separately reported in the annual reports of the corporation to the Public Service Commission.

NORM B.—For the distinction between the transmission system and the distribution system, see the note to account No. E163, "Transmission System".

E165. LINE TRANSFORMERS AND DEVICES.

Charge to this account the cost of all line transformers (both overhead and underground), pole line lightning arresters, transformer cut-out boxes, line cut-out switches, etc., in the distribution system.

NORM.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of line transformers and devices temporarily withdrawn from service.

E166. ELECTRIC SERVICES.

Charge to this account the cost of all conductors (and appurtenant insulation, ducts, and supports) connecting the distribution mains with electric apparatus and appliances in the possession of consumers.

NORM.—Cost of renewing or modifying services shall not be charged to this account.

E167a. ELECTRIC METERS.

Charge to this account the cost of meters used in determining the amount of electric energy delivered to the several consumers to whom it is supplied.

NOTE A.—Cost of setting, removing, or re-setting such meters shall not be charged to this account.

NOTE B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of consumers' meters temporarily withdrawn from service.

E167b. ELECTRIC METER INSTALLATION.

Charge to this account the cost of the first setting of meters for determining the amount of electric energy delivered upon the premises of consumers, in case it is the policy of the corporation to capitalize the cost of such setting.

NOTE A.—Cost of removing such meters and of setting other meters substituted for them shall not be charged to this account but to account No. E533, "Setting and Removing Meters and Transformers".

NOTE B.—This account must not include at any time the cost of installation of a greater number of consumers' meters than are actually in service.

E171. MUNICIPAL STREET LIGHTING SYSTEM (ELECTRIC).

Charge to this account the cost (in place) of all property of the company in poles, cross-arms, pins, braces, insulators, etc., arc circuits, lamps, and out-fits and suspensions, specially provided for the municipal street lighting system. Such cost includes cost of material, transportation, setting poles, etc., and restoring the surface of the street to the condition required by the municipality. This account does not include any part of the general distribution system, but only things in the utilization plant beyond the service and devoted to the municipal service.

NOTE A.—Where the municipality requires for its special benefit the extension of mains and services for street lighting, such extensions may, so long as used solely for street lighting, be charged to this account, provided a full description of the extensions so charged and the amounts charged in respect thereof be filed with the Public Service Commission on or before the date when the entry thereof is made upon the books of the corporation.

NOTE B.—If the corporation uses in its street lighting system the same type of arc lamps that it uses in its commercial lighting system, and uses them interchangeably, it will be permitted, upon filing with the Public Service Commission a notice thereof, to charge the cost of all arc lamps in its street lighting system to account No. E172, "Commercial Arc Lamps".

E172. COMMERCIAL ARC LAMPS.

Charge to this account the cost of all property of the company in commercial arc lamps supplied to consumers (including municipal buildings) where such lamps have an expectancy of life in service of more than one year.

NOTE A.—Meters supplied to consumers are provided for in a foregoing account and should not be included herein.

NOTE B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of arc lamps temporarily withdrawn from service.

E173. GLOWER LAMPS.

Charge to this account the cost of all property of the company in electric glower lamps supplied to consumers (including municipal buildings) where such lamps have an expectancy of life in service of more than one year.

NOTE A.—Meters supplied to consumers are provided for in a foregoing account and should not be included herein.

NOTE B.—This account is restricted to long-life incandescent, or glower lamps such as the Nernst, and does not include the ordinary carbon filament incandescent lamps. Short-life incandescent lamps (i. e., those having an expectancy of life of

not more than one year) shall be charged to the appropriate operating expense account when issued for use, and prior to that time they shall be carried in the appropriate "Materials and Supplies" account.

NOTE C.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of long-life incandescent lamps temporarily withdrawn from service.

E174. ELECTRIC MOTORS AND HEATERS.

Charge to this account the cost of all property of the company in electric motors and heaters leased to consumers (including municipalities), and of all appurtenances thereof, such as fans, etc.

NOTE.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of electric motors and heaters temporarily withdrawn from service.

E175. ELECTRIC TOOLS AND IMPLEMENTS.

Charge to this account the cost of all tools and implements coming within the scope of the definition (see note, page 319) of electric fixed capital and not covered by any of the foregoing equipment accounts.

E176. ELECTRIC LABORATORY EQUIPMENT.

Charge to this account the cost of all testing apparatus and laboratory equipment not elsewhere provided for.

NOTE.—This account includes all electric testing apparatus and equipment in laboratories. It does not include such instruments as are permanently assigned to generating stations, sub-stations, and the like, such as station ammeters, voltmeters, and wattmeters, etc.

E177. OTHER TANGIBLE ELECTRIC CAPITAL.

Charge to this account the cost of all tangible electric capital not elsewhere provided for.

E281. ENGINEERING AND SUPERINTENDENCE.

Charge to this account all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work, and all expenses incident to the work, when such disbursements can not be assigned to specific construction.

NOTE.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged.

E282. LAW EXPENDITURES DURING CONSTRUCTION.

Charge to this account general expenditures of the following nature, incurred in connection with the construction of an electric plant, namely: the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees; and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of the right of way or other land shall be charged to account No. E110, "Land Devoted to Electric Operations". Law expenditures in connection with the organization of the corporation shall be charged to account No. 101, "Organization".

E283. INJURIES DURING CONSTRUCTION.

Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of electric plant and equip-

ment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payments to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

E284. TAXES DURING CONSTRUCTION.

Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

E285. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

Charge to this account the salaries and expenses of executive and general officers of an electric plant under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.—This account shall not include any costs of organization, or any costs or discounts connected with the issue and disposal of stocks, funded debt, or other securities, and commercial paper.

E286. INTEREST DURING CONSTRUCTION.

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account. To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

O110. LAND IN OTHER DEPARTMENTS.

Charge to this account the cost of the corporation's interests in land (exclusive of improvements thereon) devoted to operations other than electric operations, gas operations, railroad operations, and street railroad operations.¹ Such cost includes, *when assumed or when paid by the purchaser in its own behalf*, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired. If at the time of acquisition of such interest

¹ NOTE.—GAS CAPITAL, RAILROAD CAPITAL, AND STREET RAILROAD CAPITAL.—For the accounts to which shall be charged the cost of capital devoted to gas operations, see the Uniform System of Accounts for Gas Corporations; for steam railroad operations, see the Uniform System of Accounts for Expenditures for Road and Equipment, etc., as established for Steam Railroad Corporations by the Public Service Commission; and for electric railroad and street railroad operations, see the Uniform System of Accounts for Street Railroad Corporations.

in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to operations other than the four classes above mentioned, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value, and such appraised value shall be charged to the appropriate accounts and excluded from the account "Land in Other Departments". If such improvements are held as investments, the cost (or appraised value at time of acquisition of title if the cost to the corporation is not determined in the contract of acquisition) shall be charged to the appropriate investment account. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land in Other Departments".

O102. FRANCHISES IN OTHER DEPARTMENTS.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" as is necessary to the conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O103. PATENT-RIGHTS IN OTHER DEPARTMENTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O104. OTHER INTANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of intangible capital devoted to its operations other than electric, gas, railroad, and street railroad, and not includible under any of the foregoing accounts.

O120. TANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of tangible capital devoted to its operations other than electric, gas, railroad, and street railroad.

25. Floating Capital divided into two groups.—Floating capital is divided into two great groups, of which the first is herein called "*Materials and Supplies*," and the second, "*Current Assets*".

26. Definitions of Floating Capital accounts.—In the following definitions the letters and figures prefixed to the titles of the accounts are no part of the titles and are inserted merely for convenience of reference:

E10. MATERIALS AND SUPPLIES.

Charge to this account the cost (including transportation) of all materials and supplies acquired by the corporation, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to

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account No. E286, "Interest During Construction," or to account No. E852, "Undistributed Adjustments—Balance," according as such materials and supplies are intended for construction or for operation.

The scrap value of things retired from service shall be charged to an appropriate sub-account in this account while such things remain the property of the corporation. If such scrap value is not known and can not readily be determined it shall be estimated, and errors in such estimates when determined shall be adjusted through the accounts involved if during the year in which the estimates were made; if later, then through the "Corporate Surplus or Deficit" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account and debited or credited to the operating expense account No. E852, "Undistributed Adjustments—Balance," in case they can not be assigned to specific accounts. Shortages may, however, be charged directly to "Corporate Surplus or Deficit". Where such materials and supplies have been used in construction, a suitable proportion of such shortages or overages may be debited or credited to account No. E285, "Miscellaneous Construction Expenditures".

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

1. CASH.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

2. BILLS RECEIVABLE.

Charge to this account the cost of all bills receivable (except as below provided) which are the property of the corporation and upon which solvent concerns are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomsoever issued. This account does not include investments (for which see page 335); nor does it include interest coupons.

3. ACCOUNTS RECEIVABLE.

Charge to this account all amounts owing to the corporation upon accounts with solvent concerns (other than banks); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

4. INTEREST AND DIVIDENDS RECEIVABLE.

Whenever the income account is stated the appropriate sub-account therein shall be credited, and this account shall be charged with all accrued but

not yet collected interest upon all commercial paper and accounts considered collectible held by or for the benefit of the corporation; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

5. OTHER CURRENT ASSETS.

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

27. Investments defined.— By *Investments*, as here used, are meant all properties acquired not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations at a time when it seems probable that they can not be so advantageously acquired as at the time of actual acquisition. By *bound investments* are meant those held subject to a lien of some character; by *free investments* are meant those held free of all liens.

300. INVESTMENTS.

The cost of the corporation's title to any property held as an investment shall be charged to an account entitled "Investments".

NOTE.— In the annual reports to be made to the Public Service Commission by the corporations and other persons engaged in electric operations, investments, whether bound or free, will be required to be classified with at least the following detail:

Bound investments will be required to be divided into the three classes: "Mortgaged or Pledged Investments," "Contractual Fund Investments," and "Other Bound Investments". Each of these three classes, and the class "Free Investments," will be required to be subdivided into the following: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlled Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments.

28. Special Deposits defined.— By *Special Deposits*, as here used, are meant amounts of money and bank credits in the hands of fiscal and other agents of the corporation for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safety deposit vaults, etc., so long as they are available for general purposes of the corporation, shall be excluded herefrom.

311. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits specially deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest Accrued" account.

312. DIVIDEND SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *specially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of dividends upon the corporation's stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

313. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other *special* purposes than the payment of interest coupons and dividends. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

29. *Prepayments.*—When payments for taxes, insurance, rents, and the like are made in advance of the actual accrual thereof, the amount of the advance payment shall be charged to the appropriate account in this group. As such taxes, etc., accrue, the appropriate prepayment account shall be credited and the appropriate expense or other income account shall be charged.

NOTE.—By the accrual of taxes, insurance, rents, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus, if the rent fixed by contract of lease for a certain property is \$600 for a calendar year, this accrues at the rate of \$50 each month (unless it is desired to base the accrual on days, when of course the varying lengths of the months would require to be considered), regardless of the actual times when the rent matures; \$50 should thus (if the rent has been prepaid) be credited each month to the account "Prepaid Rents," and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

321. PREPAID TAXES.

When taxes are paid in advance of their accrual, the amount prepaid shall be charged to this account. As the taxes thus prepaid accrue, they shall be credited at monthly intervals to this account and charged to the appropriate taxes account. This account must not include any so called taxes, like water taxes, drainage taxes, fire taxes, etc., which are payments for special benefits received. Such payments for special benefits, where finally chargeable to operating expenses, must, when prepaid, be charged to account No. 324, "Other Prepayments".

322. PREPAID INSURANCE.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue they shall be credited at monthly intervals to this account and charged to the appropriate expense account.

323. PREPAID RENTS.

When rents are paid in advance of the enjoyment of the term, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As the term is consumed, this account shall be credited at monthly intervals and the appropriate rent account in the income account shall be charged.

324. OTHER PREPAYMENTS.

When prepayments are made for any other thing than taxes, insurance, and rents, above provided for, such prepayments shall be charged to this account;

and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited monthly to this account and charged to the appropriate expense or income account.

30. *Suspense*.—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which under the rules of the Public Service Commission may be spread over a period of time, or when any debit made for any other reason may be amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss, or other debit shall, except as herein otherwise directed, be charged to an appropriate account in this group of accounts.

NOTE.—By "amortization" of any charge or credit is meant its gradual extinction. The word is broader than the word "depreciation," since the latter is restricted ordinarily to tangible property. The word "depreciation" also imports more of the idea of fluctuating value and is complicated somewhat with the question of cost of replacement at market prices. Because it is considered unnecessary in connection with the gradual consumption or expiration of life of capital to consider the question of cost of replacement until the replacement is actually made, at which time the cost of replacement is duly charged to the appropriate account, and because provision is necessary for the gradual extinction of certain charges (such as those for some kinds of capital, those for extraordinary casualties, for discount on debt, etc.), to which the term "depreciation" does not well apply, it is considered advisable to use the term "amortization" in connection with the extinction of such charges, and of certain corresponding credits, such as premiums on debt outstanding.

331. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidences of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to account No. 928, "Amortization of Debt Discount and Expense". Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to the account "Other Deductions from Surplus".

332. OTHER SUSPENSE.

To this account shall be made all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit".

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

31. **Securities Actually Issued and Later Re-acquired.**—For the case of securities actually issued by the corporation and later re-acquired by it, the following account is provided:

340. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face values to this account.

32. **Debt defined.**—The word *debt*, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt*.

33. **Funded Debt defined.**—*Funded Debt* comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

34. **Unfunded Debt defined.**—*Unfunded Debt* comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

35. **Funded Debt accounts.**—Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as e. g., "First Mortgage 5% QF 10, Aug. 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture". "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds".

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page, and account

whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

36. Unfunded Debt accounts.— The accounts for unfunded debt are defined as follows:

351. TAXES ACCRUED.

Credit to this account at the close of each month the taxes accrued during the month, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

352. RECEIVER'S CERTIFICATES.

When any receiver acting under the orders of a competent court is in possession of the property of the corporation and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited monthly to this account.

353. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties, and the character of the action or suit. Interest accruing upon any such judgment shall be credited monthly to this account.

Norm.— In case of appeal and affirmance in whole or in part from which judgment of affirmance a further appeal lies, the same rule shall apply as upon entry of original judgment.

354. INTEREST ACCRUED.

Credit to this account at the close of each month the interest accrued during the month upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

Norm.— When coupon interest matures it should be transferred from the sub-account "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured". When such interest is paid out of coupon special deposits the sub-account "Coupon Interest Matured" should be charged and the account "Coupon Special Deposits" credited.

355. DIVIDENDS DECLARED.

When any dividend is declared it shall be credited to this account and here remain until it is paid, when it shall be charged to this account and credited to "Cash" or other suitable account.

356. BILLS PAYABLE.

When any note, draft, or other bill payable which matures not later than one year after date of issue (or of demand) or assumption by the corporation of primary liability thereon is issued or assumed, the par value thereof shall be credited to this account, and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account.

E357a. CONSUMERS' DEPOSITS — ELECTRIC.

Credit to this account, as such deposits are made, all cash deposited with the corporation by consumers as security for the payment of electric bills. Deposits refunded shall be charged to this account and credited to "Cash". Deposits applicable to uncollectible or worthless electric bills shall, at the close of the fiscal year (or earlier, at the option of the accounting corporation), be credited to the account of the consumer involved and debited to this account.

357b. OTHER ACCOUNTS PAYABLE.

Credit to this account when incurred all liabilities of the corporation upon open accounts, except those provided for in the foregoing account "Consumers' Deposits".

358. OTHER UNFUNDED DEBT.

Credit to this account at face value all unfunded debt upon which the corporation is liable and which is not elsewhere provided for.

37. Reserves.—Reserves shall be classified as *Permanent* and *Temporary*.

38. Permanent Reserves defined.—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. Permanent reserves shall be classified into the two classes: *Premiums on Stocks*, and *Other Permanent Reserves*.

371. PREMIUMS ON STOCKS.

Premiums on stocks shall be sub-classified with respect to the several classes of stocks, for definitions of which see the accounts under the head "Stocks". A sub-account shall be kept for each particular class of stocks, and such sub-accounts shall be severally entitled:

Premiums on Debenture Stocks,
Premiums on First Preferred Stocks,
Premiums on Second Preferred Stocks, etc., and
Premiums on Common Stocks.

When a premium is realized upon an issue of any particular class of stock, such premium shall be credited to the sub-account above provided for such class of stock, and such credit shall remain in such account so long as such stock remains outstanding. By a premium realized (as the words are above used) is meant the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value thereof shall be considered the premium realized.

372. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account shall be created for each particular purpose for which a reserve is raised, and the purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

39. Temporary Reserves defined.— By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. Temporary reserves shall be classified as *Contractual Reserves* and *Non-contractual Reserves*.

40. Contractual Reserves defined.— *Contractual Reserves* are reserves necessitated by contracts of the corporation, as e. g., reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account shall be raised for each particular contractual reserve, and to such account shall be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

41. Non-contractual Reserves defined.— *Non-contractual Reserves* are such temporary reserves as are raised without being required under any contract. Non-contractual reserves are divided into *Required* and *Optional*.

42. Required Reserve accounts.— Required reserves are provided for in the following accounts:

374. ACCRUED AMORTIZATION OF CAPITAL.

Credit to this account such amounts as are charged from time to time to "Operating Expenses," or other accounts to cover depreciation of plant and equipment, and other amortization of capital. When any capital is retired from service, the original money cost thereof (estimated if not known, and where estimated, that fact and the facts upon which the estimate is based shall be stated in the entry), less salvage, shall (except as provided in account No. E100, "Fixed Capital, December 31, 1908,") be charged to this account. The amount originally entered or contained in the charges to any capital account in respect of such capital so going out of service shall be credited to such capital account, and any necessary adjusting entry made to the appropriate sub-account under the account "Corporate Surplus or Deficit".

375. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidence of indebtedness and the accrued interest shall be credited to this account. At monthly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity shall be charged to this account and credited to "Amortization of Premium on Debt" in "Income" account; or at the option of the corporation the charge to this account may be delayed to a time not later than the date of maturity of the debt, in which case the proportion ap-

plicable to the period covered by the then current income account shall be credited to the account "Amortization of Premium on Debt," and the remainder of the credit shall be to the account "Other Additions to Surplus".

376. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve shall show the purpose of the reserve, and every subsequent entry with respect to that reserve shall designate the reserve to which it relates.

43. *Optional Reserve accounts.*— *Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

381. CASUALTIES AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualties and Insurance Reserve". Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

382. OTHER OPTIONAL RESERVES.

A sub-account shall be raised for each particular reserve, and its title shall designate the purpose of such reserve and the first entry therein shall express in full such purpose.

44. *Stocks defined.*— By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

45. *Stocks classified.*— Stocks are classified as—

Debenture Stocks,

First Preferred Stocks,

Second Preferred Stocks, etc., and

Common Stocks.

46. *Debenture Stocks defined.*— *Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

47. *First Preferred Stocks defined.*— *First Preferred Stocks* are those which have the first claim upon such dividends as may be distributed. They may be cumulative or noncumulative, participating or nonparticipating. If cumulative, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends

until satisfied; if *noncumulative*, such amount lapses. If a first preferred stock is *participating*, it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if *nonparticipating*, it is limited to the stipulated rate.

48. *Second Preferred Stocks defined.*—*Second Preferred Stocks* are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or noncumulative, participating or nonparticipating.

49. *Common Stocks defined.*—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

50. *Voting Powers.*—Stocks differ also in regard to the voting powers incident to ownership of them.

51. *Retirement of Stocks.*—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

52. *Separate account required for each class of stocks.*—In the accounts of stocks outstanding, a separate account shall be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks and shall be clearly expressed in the first entry in such account. To the account for any class of stocks shall be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other consideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be by him disposed of for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess shall be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

SCHEDULE B.

INCOME ACCOUNT.

1. **Income and Indicant accounts compared.**—A comparison of the balances in the foregoing accounts (Schedule A) at any particular moment will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the *Balance Sheet* or *Indicant* accounts. Their balances indicate the condition of the corporation at any particular time. These accounts with their subsidiary accounts are all that are necessary prior to the time when the corporation becomes what may be called a "going concern".

When a corporation begins operations it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the *Income* account. They are made up usually on a yearly basis and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group.

2. **Divisions of Income account.**—The principal divisions of this group of accounts are the *Revenue* accounts, the *Revenue Deduction* accounts, the *Income Deduction* accounts, and the *Appropriation* accounts.

3. **Revenues defined.**—By *Revenues*, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interests in property). Revenues are classified as *Operating Revenues* and *Non-operating Revenues*.

4. **Operating Revenues defined.**—*Operating Revenues* are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its own operations.

5. **Non-operating Revenues defined.**—*Non-operating Revenues* are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as *Rents*, *Interest*, *Dividends*, and *Miscellaneous*.

6. **Revenue Deductions defined.**—*Revenue Deductions* include *Expenses*, *Taxes*, and *Uncollectible Bills*.

7. **Expenses defined.**—*Expenses* are those outgoes (including capital consumed) necessary to the production of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into *Operating Expenses* and *Non-operating Expenses*. *Operating Expenses* are those incident to the operating revenues.

8. **Taxes defined.**— Taxes are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. **Uncollectible Bills defined.**— When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity (as e. g., electric energy or gas for light, heat, or power), current accounts or claims against such consumers for such service rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills*.

10. **Gross Income, Income Deductions, and Net Corporate Income defined.**— Revenues, diminished by expenses, taxes, and uncollectible bills, give an amount called *Gross Income*, which is applicable to corporate and leased properties. Gross income is subject to several compulsory deductions, mostly contractual, like rent, interest, etc., and the remainder after these are made is called *Net Corporate Income*, which being subject only to the discretion of the corporation is most conveniently carried directly to the corporate surplus. The accounts covering the compulsory deductions from gross income, as above defined, are called the *Income Deduction* accounts.

11. **Appropriation accounts defined.**— The accounts covering the yearly changes in the corporate surplus are called the *Appropriation* accounts, since practically all of the matters covered by them are within the discretion of the corporation, although they also include certain adjustments made because of facts of previous years imperfectly accounted for at the time (whether through error or through lack of information), and certain other minor matters like extraordinary expenses not chargeable as deductions from revenues; also such matters as profits on the sale of capital, and profits and losses on the sale of investments.

12. **Definitions of Electric Operating Revenue accounts.**— Credits to the various revenue accounts shall be made upon the basis of bills rendered or of gross prices. Discounts for prompt payment, corrections of overcharges, overcollections theretofore credited and afterward corrected, authorized abatements and allowances, and other corrections and deductions shall be charged to the revenue account to which they relate. In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

401. MUNICIPAL STREET LIGHTING — ARC.¹

Credit to this account all revenues derived from lighting streets for municipal corporations by means of arc lamps.

402. MUNICIPAL STREET LIGHTING — INCANDESCENT.

Credit to this account all revenues derived from lighting streets for municipal corporations by means of incandescent electric lamps.

NOTE.— In the foregoing two accounts the word "streets" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

403. LIGHTING MUNICIPAL BUILDINGS — ELECTRIC.

Credit to this account all revenues derived from lighting municipal buildings by means of electric lamps, and from electric energy supplied for such

¹ Charges to this and the following revenue accounts must be made in such wise as to permit their classification in the annual report of the corporation to the Public Service Commission.

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purposes, or for heat or power in municipal buildings where such energy is supplied at lighting rates and is not separately measured.

404. MUNICIPAL HEAT AND POWER — ELECTRIC.

Credit to this account all revenues derived from municipal corporations for electric energy supplied at special heat or power rates to such corporations for the production of heat and power.

405. MISCELLANEOUS ELECTRIC REVENUE — MUNICIPAL.

Credit to this account all revenues derived from supplying electric energy to municipal corporations and not provided for in the foregoing accounts; also those from the letting of meters, motors, and other electric equipment to such corporations.

406. COMMERCIAL FLAT RATE LIGHTING.

Credit to this account all revenues derived from consumers other than municipal corporations for electric lighting at flat rates per year, per month, per night, per hour, or other time unit, or on any basis independent of the quantity of energy supplied.

407. COMMERCIAL FLAT RATE POWER.

Credit to this account all revenues derived from all consumers, except municipal, railroad, and other electrical corporations, for electric energy supplied for heat or power at special flat rates per year, per month, per night, per hour, or other time unit, or on any basis independent of the quantity of energy supplied.

408. COMMERCIAL METERED LIGHTING.

Credit to this account all revenues derived from all consumers, except municipal corporations, for measured electric energy supplied for electric lighting where the total receipt is dependent on the quantity of energy supplied.

NOTE.—Where electric energy flowing through any meter is used by any other consumer than a municipal corporation for both arc and incandescent lighting, or for arc and incandescent lighting and incidentally for power purposes such as running fans, sewing machines, etc., the revenues derived therefrom shall be credited to this account.

409. COMMERCIAL METERED POWER.

Credit to this account all revenues derived from all consumers, except municipal, railroad, and other electrical corporations, for measured electric energy supplied for heat or power at special heat or power rates, where the total receipt is dependent on the quantity of energy supplied.

410. RAILROAD CORPORATIONS.

Credit to this account all revenues derived from electric energy sold to street and other railroad corporations for the propulsion of their cars, for running their shops, and for other power, and for heating purposes. If such energy is incidentally used for lighting also, but the portion used for lighting is not separately measured, the revenue therefrom shall be included in this account.

411. OTHER ELECTRICAL CORPORATIONS.

Credit to this account all revenues derived from electric energy sold to other electrical corporations to be by them distributed over their own lines to consumers. If any portion of such energy is incidentally consumed by such corporations for their own benefit, whether for light, heat, or power, it shall

be included herein, if not separately measured, or if included under the same contract with that which is distributed by them to consumers.

421. RENT OF ELECTRIC METERS.

Credit to this account all revenues derived from the letting of electric meters to others than municipal corporations.

422. RENT OF ELECTRIC APPLIANCES.

Credit to this account all revenues derived from the letting of electric motors, fans, heating appliances, batteries, lamps, and other electric apparatus and appliances (except meters) to others than municipal corporations. Where the contract of letting names only a single consideration for both the letting and the maintenance of the appliances so let, the entire revenue shall be included in this account.

423. ELECTRIC MERCHANDISE AND JOBBING REVENUE.

Credit to this account all receipts from the sale of electric merchandise and from electric jobbing. Charge to this account the cost to the accounting corporation of electric merchandise sold, such cost including transportation charges paid on such goods.

Credit also to this account the profit or commission accruing to the corporation on all jobbing work *performed by it as agent under agency contracts*, whereunder it undertakes to do jobbing work for another for a stipulated profit or commission upon its actual expense for labor, materials, and supplies.

NOTE A.—In its annual reports to the Public Service Commission the reporting corporation will be required to analyze the credits and debits to this account.

NOTE B.—This account does not include receipts from the sale of superseded equipment, or of junk or other scrap or salvage.

424. SALE OF BYPRODUCTS.

Credit to this account all revenue derived from the sale of ashes, cinders, chemical waste, gas producer residuals, and other byproducts of electric operations.

425. JOINT ELECTRIC RENT REVENUE.

When any corporation engages in electric operations for the production of some of its product for the benefit of another or others under an arrangement for apportioning the expense upon the basis of the relative amounts of benefit to the several participants in the arrangement, if such arrangement provides for the receipt by the corporation of any profit or return upon its property, such profit or return upon property shall, as it accrues, be credited month by month to this account. Such profit or return must be over and above any provision for wear and tear and depreciation of plant involved in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

426. BREAK-DOWN SERVICE.

Credit to this account all revenues derived from the insurance of a supply of electric energy to a stipulated amount to concerns ordinarily producing their own or procuring it from sources other than the corporation acting as insurer.

427. OTHER MISCELLANEOUS ELECTRIC REVENUE.

Credit to this account all revenues derived from others than municipal corporations for the supply of electric energy and service and from other electric operations not includible in any of the foregoing accounts.

13. **Revenue from Outside Operations.**—The detailed revenue accounts for operations other than the above mentioned will be provided for elsewhere.

14. **Operating Expenses defined.**—By the *operating expenses* of a corporation are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of the commodities produced, and to the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived are excluded from operating expenses.

15. **Definitions of certain terms used in connection with expense accounts.**—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

16. **Definitions of Electric Operating Expense accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

GENERAL ACCOUNTS.

- I. Production Expenses.
- II. Transmission Expenses.
- III. Electric Storage Expenses.
- IV. Distribution Expenses.
- V. Utilization Expenses.
- VI. Commercial Expenses.
- VII. General and Miscellaneous Expenses.

I. PRODUCTION EXPENSES.

NORM.—In case the accounting corporation operates two or more separate and distinct plants for the production of electric energy, it will be required to keep (with the detail herein prescribed) separate accounts covering production at the

several plants. Charges to these and other operating expense accounts must be made in such detail as to permit their analysis in accordance with the prescribed heads in all cases except the labor accounts.

E501. STATION SUPERINTENDENCE AND LABOR.

Charge to this account all matters provided for under the following heads:

STATION SUPERINTENDENCE AND CARE: This head includes salaries and personal expenses of superintendents and assistants, chemists, clerks, janitors, watchmen, elevatormen, and also that portion of the salaries and expenses of the engineering staff assignable to the generating plant.

BOILER LABOR: This head includes the cost of labor in boiler room and elsewhere in and about the premises having to do with making steam, including such labor as that of fire room engineers and assistants, water tenders, firemen, coal handlers, ash handlers, boiler cleaners, and feed-pump men.

PRODUCER LABOR: This head includes the cost of all labor in and about the premises having to do with the production of power gas.

ENGINE LABOR: This head includes the cost of labor on prime movers of all kinds, including such labor as that of chief engineers and assistants, engineers, oilers, wipers, and machinists.

ELECTRIC LABOR: This head includes the cost of all labor in connection with the electric generating apparatus and devices, beginning with the generators direct connected or belted to the prime movers, and including the switchboard, feeder terminal board, and to where the electric current leaves the station for the transmission or distribution system, including such labor as that of system operators or load dispatchers; foreman over regulators, regulators, and assistants; switchboard men, brushmen, wipers, and wiremen.

E502. FUEL FOR POWER.

Charge to this account all matters provided for under the following heads:

FUEL FOR STEAM: This head includes the cost of fuel, whether coal or oil, used under the boilers for electric generation, at the cost delivered in the bunkers or tanks; also any special expense incurred in disposing of ashes.

FUEL FOR PRODUCER GAS: This head includes the cost of fuel used for generating producer gas.

NOTE.—No portion of the cost of boiler room labor shall be charged to this account.

E503. WATER FOR POWER.

Charge to this account all matters provided for under the following heads:

WATER FOR STEAM POWER AND GAS: This head includes the cost of feed water and of water for condensers; also the cost of boiler compound. Water used for general station purposes is not to be included.

WATER FOR HYDRAULIC POWER: This head includes the cost of all water purchased for the purpose of operating hydraulic power plants in the electric department.

E504. LUBRICANTS FOR POWER.

Charge to this account the cost of lubricants for machinery in the generating station; but not oil for transformers, grease for wagons, or oil for lanterns.

E505. PRODUCTION SUPPLIES AND STATION EXPENSE.

Charge to this account all matters provided for under the following heads.

PRODUCTION SUPPLIES: This head includes the cost of all supplies, tools, etc., used in the generating plant which are consumed in the operating pro-

cess, the replacement of which does not constitute a repair or renewal; also the cost of repairs of such tools. This covers such matters as waste, packing, wipers, gauge glasses, gauge washers, manhole gaskets, handhole gaskets, fire room tools, steam and air hose, bolts, screws, nails, tools, dynamo brushes, etc.

STATION EXPENSE: This head includes the general and miscellaneous expenses in the generating plant not specifically chargeable to other accounts, including such matters as lighting, heating, and cleaning systems; fire protection system; janitors' supplies; ice and water; telephone and toilet services at station; and care of streets, yards, and sidings.

E507. REPAIRS OF POWER PLANT BUILDINGS.

Charge to this account the cost of repairs of buildings and structures used for power station purposes; cost of repairs of fixtures therein; cost of maintaining walks, driveways, and grounds connected with such buildings; cost of delivering material, including freight charges, if any; and all incidental expenses connected with the maintenance of such buildings and structures.

The term "buildings and structures," in addition to embracing the buildings proper, shall be understood to include fixtures when immovable and built in as a part of the structure; permanent foundations and piers; pipes for gas, water, sewerage, and drainage; apparatus for heating, lighting, and ventilating; freight and passenger elevators with fixtures and appurtenances; platforms; appliances for protecting buildings against fires; fences, walls, sidewalks, and pavements within the limits of grounds immediately adjacent to such buildings.

NOTE.—The cost of replacement of a building or structure, when in excess of \$100, shall be treated through the appropriate capital account; when less than \$100, it may be charged directly to this account or a sub-account hereunder.

E508. REPAIRS OF FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account all matters provided for under the following heads:

REPAIRS OF FURNACES AND BOILERS: This head includes the cost of repairing boilers and furnaces, including specially provided foundations and settings, iron smokestacks, and such matters as brick work, bridge wall, arches, jambs, grate bars, stoker bars and webs, furnaces, valves, superheaters, damper regulators, and tubes.

REPAIRS OF BOILER APPARATUS: This head includes the cost of repairing feed water, coal and ash handling systems, and auxiliary apparatus in the fire room; including such matters as feed pumps, blower engines, coal conveyor, digger, trolley and cable tower, crusher and belt links, brackets, wheels, chutes and gates; ash conveyor cars, winches, motors, buckets, shaft, chain, and wheels; filters, boiler compound injector and pump; heaters, primary and secondary; economizers and water meters.

REPAIRS OF STEAM ACCESSORIES: This head includes the cost of repairing the piping system in connection with the making of steam and delivery thereof to the prime movers; including such matters as water feed piping, cold main, hot main, water suction, valves, joints, jackets, ash pit drains and ash pocket syphons, oil drains from engine crank pits, receiving tanks, filter pumps to engine valve, steam and exhaust line systems, sewer connections, and air line.

E500. REPAIRS OF STEAM ENGINES.

Charge to this account all matters provided for under the following heads:

REPAIRS OF RECIPROCATING ENGINES: This head includes the cost of repairing reciprocating steam engines used in the power plant.

REPAIRS OF STEAM TURBINES: This head includes the cost of repairing steam turbines used in the power plant.

REPAIRS OF OTHER STEAM ENGINE EQUIPMENT: This head includes the cost of repairing apparatus auxiliary to the prime movers, including such matters as condensers, packing tubes, renewing tubes, heads and doors, and miscellaneous; and pumps, air and circulating, wet vacuum, dry vacuum, and oil systems, but excluding the power conveying apparatus.

E510. REPAIRS OF HYDRAULIC POWER PLANT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF DAMS, CANALS, AND PIPE LINES: This head includes the cost of repairing hydraulic structures. Such structures include dams, embankments, etc., for impounding water, and all appurtenant gates, valves, weirs, wasteways, canals, conduits and other channels (including riprap, lining walls, etc.), pipe lines, aqueducts, and supporting trestles, etc., forebays and appurtenant sieves and grids, wasteways, etc., and all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines; also the wasteways conducting water from the outlet of the draft-tube to the point of final discharge.

REPAIRS OF TURBINES AND WATER-WHEELS: This head includes the cost of repairing wheel-gates, turbines, and other hydraulic apparatus from the inlet valve to and including the wheel governor and to the outlet of the draft-tube.

E511. REPAIRS OF GAS POWER EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF GAS PRODUCERS AND ACCESSORIES: This head includes the cost of repairing apparatus devoted to the generation of producer gas to be consumed in gas engines in the electric generating station; also the cost of repairing gas conductor and exhaust pipes and other auxiliary gas power apparatus. This covers producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhaustor outfits, seals, specially provided boilers and pumps, flues and piping, blower engines, holders, etc. Power conveying apparatus is not included herein.

REPAIRS OF GAS ENGINES: This head includes the cost of repairing gas engines devoted to the production of electric energy, including inlet valves, governors, and ignition and starting apparatus.

E512. REPAIRS OF POWER PLANT ELECTRIC EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF ELECTRIC GENERATORS: This head includes the cost of repairing dynamos, alternators, and other electric generating apparatus driven by steam, water, or gas power; and rotaries and motor generating sets, exciters, etc., when not installed in connection with transmission system.

REPAIRS OF ACCESSORY ELECTRIC EQUIPMENT: This head includes the cost of repairing the electric generating apparatus not includible in the foregoing account. This covers bus-bars, regulators, station cables, station switchboards and equipment, such as circuit-breakers, switches, ammeters, voltmeters, wattmeters, etc. (and their specially provided foundations and settings), and the

station terminal board; also head-gate motors, pump motors, air compressor motors, etc., and special high-tension transmission equipment at power stations, such as high-tension bus-bars, high-tension switchboards, high-tension switches, high-tension current transformers, high-tension lightning arresters, high-tension potential transformers, high-tension reactive coils, high-tension choke coils, high-tension grounding devices and resistances, high-tension raising and lowering transformers, etc., but not wiring for lighting the station.

E513. MISCELLANEOUS STATION REPAIRS.

Charge to this account all matters provided for under the following heads:

REPAIRS OF STATION TOOLS AND IMPLEMENTS: This head includes the cost of repairing station tools and implements that have been capitalized (except fire tools, elsewhere provided for). Among the principal items in this account are blacksmiths', machinists', and pipe fitters' tools, pump room tools, engine tools, and cutting tools.

REPAIRS OF MISCELLANEOUS STATION EQUIPMENT: This head includes the cost of repairing station apparatus not includible in the foregoing repair accounts, particularly the power transmission equipment, such as shafting, belting, and clutches; motors, hoists, and cranes, etc.

E514. STEAM FROM OTHER SOURCES.

Charge to this account the cost of all purchased or jointly produced steam consumed in the power plant of the electric department.

NOTE.—In case such steam is jointly produced, i. e., produced by another person or corporation under a joint arrangement for sharing the cost of production in proportion to the benefits to the several participants, the charge to this account may include a proportion to cover depreciation of plant employed as well as the proportion of direct expense, but it must not include any allowance or return upon the cost or value of the plant. Such allowance or return upon property must be charged to account No. 922f, "Other Rent Deductions".

E515. POWER GAS FROM OTHER SOURCES.

Charge to this account the cost of all gas consumed in the gas power plants of electric generating stations, but not produced in the electric department; this includes the cost of gas produced for the corporation by another corporation under any joint arrangement for the sharing of expense (upon the basis of the relative amounts of benefit to the several participants), inclusive of provision in such expense for depreciation of plant, but exclusive of allowance for profit or return upon the value of property used in such production.

E516. ELECTRIC ENERGY FROM OTHER SOURCES.

Charge to this account the cost, at the point of delivery to the corporation, of all electric energy purchased or produced for the corporation by another corporation under any joint arrangement for the sharing of expense (upon the basis of the relative amounts of benefit to the several participants), inclusive of provision in such expense for depreciation of plant, but exclusive of allowance for profit or return upon the value of property used in such production.

II. TRANSMISSION EXPENSES.

E521a. TRANSMISSION SUBWAY RENT.

Charge to this account the rents payable accruing for ducts leased from other corporations or from a municipal corporation.

NOTE.—In case the rented subway is used for distribution as well as for transmission, the rent should be apportioned between this account and account No. E521b, "Distribution Subway Rent".

E522a. TRANSMISSION POLE AND FIXTURE REPAIRS.

Charge to this account the cost of repairing and renewing poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the poles, towers, and other structures in position; also repairs of towers and other structures maintained primarily for supporting the overhead transmission system.

This account does not include insulators.

NOTE A.—The cost of repairing and renewing poles and fixtures which carry both transmission and distribution conductors should be apportioned between this account and account No. E522b, "Distribution Pole and Fixture Repairs".

NOTE B.—The cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction shall, when the individual costs of the same equal or exceed \$100, be treated through the appropriate capital accounts. When the individual cost is less than \$100, the replacement may be charged directly to this account.

E523a. TRANSMISSION UNDERGROUND CONDUIT REPAIRS.

Charge to this account the cost of patrolling and inspecting as well as repairing transmission underground conduits, including renewing ducts and pipes, enlarging and repairing manholes, re-paving streets over such structures, etc. This account does not include any repairs of conductors or of the insulation thereof.

NOTE.—The cost of maintaining underground conduits which carry both transmission and distribution conductors should be apportioned between this account and account No. E523b, "Distribution Underground Conduit Repairs".

E524. TRANSMISSION SYSTEM REPAIRS.

Charge to this account all matters provided for under the following heads:

OVERHEAD TRANSMISSION SYSTEM REPAIRS: This head includes the cost of repairing and maintaining overhead trunk lines between generating and sub-stations, including patrolling and testing, and all repairs.

UNDERGROUND TRANSMISSION SYSTEM REPAIRS: This head includes the cost of inspecting and repairing underground transmission cables.

NOTE A.—This account does not include the cost of repairing poles and fixtures, for which see account No. E522a, "Transmission Pole and Fixture Repairs".

NOTE B.—When the electric current generated (or received from another corporation) is conducted, either at the voltage of generation (or receipt) or at a higher voltage, to a point where it is (a) lowered in voltage by means of step-down transformers, or changed as to kind or frequency by means of (b) motor generator sets, (c) rotary converters, or (d) frequency changers, that portion of the outside line or conductor system antecedent to the said stepdown transformers, motor generator sets, rotary converters, or frequency changers, shall be classed as the Transmission System; except, however, that primary wiring in lighting systems at not to exceed 4,400 volts, 4-wire, 3-phase, shall be classed as a part of the Distribution System. Tie-lines between generating stations and sub-stations shall follow the same rule. Line transformers are not included among the "stepdown transformers" above mentioned.

E525. SUB-STATION LABOR.

Charge to this account the cost of all labor employed in superintending and operating sub-stations, including not only that of regulators, brushmen, and others engaged in operating the electric apparatus, but also that of clerks, janitors, watchmen, etc.

E526. SUB-STATION SUPPLIES AND EXPENSES.

Charge to this account the cost of supplies consumed and expenses incurred in connection with the operation of sub-stations, such as telephone rents, light, heat, etc.

E527. REPAIRS OF SUB-STATION BUILDINGS.

Charge to this account the cost of repairing sub-station buildings and permanent fixtures therein, including grounds and adjacent streets, vaults, sheds, pits, sidewalks, etc.

E528. REPAIRS OF SUB-STATION EQUIPMENT.

Charge to this account the cost of repairing apparatus in sub-stations, including sub-station cables, switchboards and instruments, station terminal board, etc.

NOTE—This account should not include the cost of repairing any storage battery equipment, for which see account No. E529, "Electric Storage Expenses," under the head of "Repairs of Storage Battery Accessories".

III. ELECTRIC STORAGE EXPENSES.

E529. ELECTRIC STORAGE EXPENSES.

Charge to this account all matters provided for under the following heads:

STORAGE BATTERY LABOR: This head includes the salaries and personal expenses of superintendent, clerks, and battery-men, including inspectors and testers.

STORAGE BATTERY SUPPLIES: This head includes the cost of acid and distilled water in cells, soda, sponges, brooms, mops, waste, rags, hydrometers, thermometers, automatic cell fillers, rubber hose, gloves, shoes, paint, etc., and brushes for boosters and compensators.

STORAGE BATTERY RENEWALS: This head includes the cost of renewing worn-out cells, including diaphragms, negative and positive plates, lead in strip, spelter, pails, candles, dry boards, tank bands, sheet lead, glass plates, glass covers, hydrogen generators, jumpers, clamps, lampblack, etc.

REPAIRS OF STORAGE BATTERY ACCESSORIES: This head includes the cost of repairing tanks, battery room floor, switches, regulating apparatus, boosters, and compensators.

IV. DISTRIBUTION EXPENSES.

E531. ELECTRIC DISTRIBUTION SUPERINTENDENCE.

Charge to this account the salaries and personal expenses of superintendents and clerks, and also that portion of the salaries of the engineering staff of the company which is assignable to distribution.

E532. ELECTRIC DISTRIBUTION RECORDS AND OFFICE EXPENSE.

Charge to this account all matters provided for under the following heads:

ELECTRIC DISTRIBUTION MAPS AND RECORDS: This head includes the cost of maps and records of overhead and underground lines, including salaries and personal expenses of mappers and draftsmen, cost of drawing material, etc.

ELECTRIC DISTRIBUTION OFFICE EXPENSE: This head includes the cost of all other supplies and expenses of the office of the superintendent of the distribution department.

E533. SETTING AND REMOVING METERS AND TRANSFORMERS.

Charge to this account the cost of all supplies consumed and all expenses incurred in connection with the operation of service transformers and consumers' meters. This includes such matters as setting and removing such transformers and meters, connecting and disconnecting services, and the like.

NOTE.—In case it is the policy of the accounting corporation to charge the cost of the first setting of consumers' meters to capital, such charge should be made to account No. E167b, "Electric Meter Installation".

E521b. DISTRIBUTION SUBWAY RENT.

Charge to this account the rents payable accruing for underground conduits used for distribution conductors.

NOTE.—In case the rented subway is used for transmission as well as for distribution, the rent should be apportioned between this account and account No. E521a, "Transmission Subway Rent".

E522b. DISTRIBUTION POLE AND FIXTURE REPAIRS.

Charge to this account the cost of repairing and renewing poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the poles, towers, and other structures in position; also repairs of towers and other structures maintained primarily for supporting the overhead distribution system.

This account does not include insulators.

NOTE A.—The cost of repairing poles and fixtures that carry both transmission and distribution conductors should be apportioned between this account and account No. E522a, "Transmission Pole and Fixture Repairs".

NOTE B.—The cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction shall, when the individual costs of the same equal or exceed \$100, be treated through the appropriate capital accounts. When the individual cost is less than \$100, the replacement may be charged directly to this account.

E523b. DISTRIBUTION UNDERGROUND CONDUIT REPAIRS.

Charge to this account the cost of maintaining subways and underground conduits, including repairs of the tube, of manholes, of paving over such subways and of all ducts and conduits, but not any repairs of conductors or of the insulation thereof.

NOTE.—The cost of maintaining (including patrolling and inspecting) underground conduits and subways which carry both transmission and distribution conductors should be apportioned between this account and account No. E523a, "Transmission Underground Conduit Repairs".

E534. DISTRIBUTION SYSTEM REPAIRS.

Charge to this account all matters provided for under the following heads:

OVERHEAD DISTRIBUTION SYSTEM REPAIRS: This head includes the cost of patrolling, testing, and repairing the overhead conductors in the distribution system.

EDISON TUBE SYSTEM REPAIRS: This head includes the cost of inspecting, testing, and repairing the Edison tube system, including junction boxes, tubing and conductors, coupling boxes, etc.

OTHER UNDERGROUND DISTRIBUTION SYSTEM REPAIRS: This head includes the salaries and expenses of patrolmen, testers, etc., as well as the cost of repairing damaged subway distribution conductors.

E535a. REPAIRS OF ELECTRIC SERVICES.

Charge to this account the cost of repairing underground and overhead services leading from the mains to the consumers' premises.

E535b. REPAIRS OF TRANSFORMERS.

Charge to this account the cost of labor and material consumed in maintaining transformers, including renewing oil, re-painting, re-winding, removal and replacing; also repairs of such switches and cut-outs as are the property of the corporation on consumers' premises.

E536. ELECTRIC METER OPERATION AND REPAIRS.

Charge to this account all matters provided for under the following heads:

ELECTRIC METER OPERATION: This head includes the salaries and expenses of superintendents and clerks in the meter bureau, and also that portion of the salaries of the engineering staff of the corporation assignable to this account; also the cost of light, heat, ice, water, and other supplies and expenses in connection with the meter-testing bureau; and the cost of testing meters on consumers' premises or in meter shops.

ELECTRIC METER REPAIRS: This head includes the cost of repairing meters in the distribution service, including new parts, new jewels, cleaning, and painting.

V. UTILIZATION EXPENSES.

541. COMMERCIAL ARC OPERATION.

Charge to this account all matters provided for under the following heads:

COMMERCIAL ARC LABOR: This head includes the cost of labor employed in trimming and inspecting arc lamps on private consumers' premises and in municipal buildings.

COMMERCIAL ARC SUPPLIES: This head includes the cost of all supplies (such as carbons, globes, etc.) for arc lamps on private consumers' premises and in municipal buildings.

542. COMMERCIAL ARC REPAIRS.

Charge to this account the cost of keeping in repair private consumers' arc lamps and those in municipal buildings; including such matters as setting and removing lamps, repairing parts, changing for repairs and adjustment, and testing during adjustment and after repairs.

543. COMMERCIAL INCANDESCENT OPERATION.

Charge to this account all matters provided for under the following heads:

COMMERCIAL INCANDESCENT INSTALLATION: This head includes the cost of the first installation of incandescent lamps on consumers' premises (including cartage and delivery expenses) unless consumer is charged for the first installation, or unless it is proper to charge such first installation to capital. (See account No. E173, "Glower Lamps.")

COMMERCIAL INCANDESCENT RENEWALS: This head includes the cost of renewing incandescent lamps on consumers' premises (including cartage and delivery expense) and cost of photometering incandescent lamps. Credit to this account under this head any rebate received for the return of stubs, or allowances relating thereto.

544. CONSUMERS' INSTALLATION EXPENSES.

Charge to this account all matters provided for under the following heads:

INSPECTION OF CONSUMERS' PREMISES: This head includes the cost of inspection of consumers' premises, including such matters as the charge for municipal certificates, charge for Board of Fire Underwriters' inspection certificates, and that portion of the salaries and expenses of the engineering staff or of other departments than the distribution department engaged in technical work properly assignable to this account.

REPAIRS OF CONSUMERS' INSTALLATIONS: This head includes the cost of all labor and material furnished to consumers for inside work without special charge, including such matters as attention to complaints or to improving

the character of service, replacing or repairing wiring fixtures or electric appliances, moving appliances from place to place in houses and re-connecting the same, etc.

545. MUNICIPAL STREET ARC OPERATION.

Charge to this account all matters provided for under the following heads:

MUNICIPAL STREET ARC LABOR: This head includes the cost of labor employed in trimming and inspecting the arc lamps of the municipal street lighting system.

MUNICIPAL STREET ARC SUPPLIES: This head includes the cost of carbons, globes, etc., for the arc lamps of the municipal street lighting system.

546. MUNICIPAL STREET ARC REPAIRS.

Charge to this account the cost of changing location of lamp posts, changing lamps for repairs and adjustments, renewals, repairs of mast arms, hangers, poles, ropes, etc., and painting poles; also that portion of the arc lamp shop expense assignable thereto.

547. MUNICIPAL STREET INCANDESCENT OPERATION.

Charge to this account all matters provided for under the following heads:

MUNICIPAL STREET INCANDESCENT INSTALLATION: This head includes the cost of the first installation of incandescent lamps in the municipal street lighting system, unless it is paid by the municipal corporation, or the lamps are of such character that it is proper to charge to capital. (See account No. E173, "Glower Lamps.")

MUNICIPAL STREET INCANDESCENT RENEWALS: This head includes the cost of renewing incandescent lamps in the municipal street lighting system.

548. MUNICIPAL STREET INCANDESCENT REPAIRS.

Charge to this account the cost of repairing municipal incandescent street lamps and fixtures.

NOTE.—This does not include items chargeable to maintenance of poles and their fixtures, or of subways, or conductors.

VI. COMMERCIAL EXPENSES.

E551. COMMERCIAL ADMINISTRATION — ELECTRIC.

Charge to this account the matters prescribed under the following heads:

a. *Commercial Department Indexing:* This covers the cost of indexing meters, including indexers' lamps.

b. *Commercial Department Collecting:* This covers the expense of the collection bureau, including collectors' salaries or commissions, badges, car fares, and delivering bills.

c. *Commercial Department Contracts:* This covers such part of the cost of the contract department as is not assignable to the Promotion Office, including attention to bill questions.

d. *Commercial Department Accounting:* This covers the cost of keeping the accounts of consumers, being a proportion of the salaries and expenses of general officer and assistants in charge of the commercial department, and salaries of bookkeepers and all clerks in the accounting department having to do with consumers' accounts.

e. *Commercial Department Miscellaneous:* This covers all expenses incurred in selling electric power and products, in determining the amount of such sales, in making collections, and in keeping account of such sales

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and collections as are not includible in the accounts of the indexing, accounting, collection, and contract divisions, or in the following accounts for promotion expenses.

EC552. PROMOTION EXPENSES — ELECTRIC.

Charge to this account all matters provided for under the following heads:

PROMOTION OFFICE EXPENSE — ELECTRIC: This head covers —

a. *Promotion Management:* The cost of administration of the department maintained for the promotion or development of electric consumption, including that portion of the salaries and expenses of management and clerks in agency and contract departments assignable to new business.

b. *Demonstrations:* The cost of labor expended and expenses incurred in demonstrating the use of electric lamps and appliances for the purpose of obtaining new business.

c. *Other Promotion Office Expense:* The office expenses of the promotion or new business department.

ADVERTISING — ELECTRIC: This head covers —

a. *Advertising Salaries and Expenses:* The salaries and personal expenses of the advertising manager and clerks.

b. *Advertising Sundries:* The cost of commercial advertising sundries, including booklets, dodgers, newspaper advertisements, posters, bulletins, and all related items.

CANVASSING AND SOLICITING — ELECTRIC: This head includes all expenses incurred in soliciting new business, including wages, commissions, and personal expenses of canvassers, cost of preparing estimates, engineering advice on wiring, etc., and office sundries in connection therewith.

PROMOTION WIRING AND DEVICES: This head covers —

a. *Promotion Wiring:* The cost of wiring in consumers' premises furnished without special charge in order to induce new business.

b. *Promotion Signs and Devices:* The cost of electric signs and other devices (including delivery and connection charges, and expenses in connection therewith) supplied to consumers without special charge in order to develop new business.

VII. GENERAL MISCELLANEOUS EXPENSES.

E832. GENERAL OFFICERS AND GENERAL OFFICE CLERKS.

Charge to this account all matters provided for under the following heads:

SALARIES AND EXPENSES OF GENERAL OFFICERS: This head includes the salaries and traveling and incidental expenses of the chairman of the board, president, vice-president, treasurer, secretary, comptroller, general auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system and whose services can not be satisfactorily allocated to the several departments; also fees, salaries, and expenses of receivers.

SALARIES AND EXPENSES OF GENERAL OFFICE CLERKS: This head includes the salaries and traveling and incidental expenses of general office auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, and all other clerks employed in the general office.

NOTE.—Cost of labor of clerks in the commercial department shall be charged to account No. E551, "Commercial Administration — Electric".

E835. GENERAL OFFICE SUPPLIES AND EXPENSES.

Charge to this account the cost of office supplies, repairs of office furniture, and renewals of such furniture as has not been capitalized; wages of jan-

tors, porters, and messengers; rent of rooms in office buildings, repairs of such rented rooms, and all other miscellaneous expenses of general offices. Office expenses of departmental officers must be charged to the proper departmental accounts.

NOTE.—Rents charged to this account will be required to be reported separately.

E836. GENERAL LAW EXPENSES.

Charge to this account all law expenses except those incurred in the defense and settlement of damage claims. This includes salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work, should be properly apportioned between this account and account No. E847b, "Law Expenses Connected with Damages".

E837. MISCELLANEOUS GENERAL EXPENSES.

Charge to this account the cost of telephone service, telegrams, and other miscellaneous expenses (including all expense specially incurred in connection with the utilization and sale of byproducts, such as battery and other chemical waste, etc.) connected with the general management not otherwise provided for.

E838. INSURANCE.

Charge to this account premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

NOTE.—In their reports to the Public Service Commission corporations will be required to report the charges made to this account for the various kinds of insurance, and for self-insurance.

E839. RELIEF DEPARTMENT AND PENSIONS.

Charge to this account all matters provided for under the following heads:

RELIEF DEPARTMENT EXPENSES: This head includes all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

PENSIONS: This head includes all pensions paid to retired employees, and expenses in connection therewith.

E840. ELECTRIC FRANCHISE REQUIREMENTS.

Charge to this account the cost of all energy and materials and supplies furnished to municipal corporations in compliance with franchise requirements and for which no payment is received by the corporation; also of all direct expense, such as paving and other like matters, incurred in compliance with such requirements and for which no reimbursement is received by the corporation. Amounts charged to this account for which there is no direct money outlay shall be credited to the below provided account, No. E863, "Duplicate Electric Charges — Cr."

E842. GENERAL AMORTIZATION — ELECTRIC.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have

accrued during the month in the tangible electric capital of the corporation, such portion of the life of intangible fixed capital as has expired or been consumed during the month, and the amount estimated to be necessary to provide a reserve to cover the cost of property destroyed by extraordinary casualties; less the amounts charged for that month to the various repair accounts in Electric Operating Expenses. The amount charged (or credited) to this account shall be concurrently credited (or charged) to the reserve account No. 374, "Accrued Amortization of Capital".

NOTE A.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of kilowatt-hours sold. Amortization of intangible capital shall likewise be based on rule. Whatever may be its basis, such rules and a sworn statement of the facts and expert opinions and estimates upon which they are based shall be filed with the Public Service Commission on or before January 1, 1909; each amendment of any such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Amortization of Capital".

NOTE B.—When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. E100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the reserve account, "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit". Where capital is substantially continuous and can not be satisfactorily individualized, it shall be kept in efficient operating condition through repair, and the renewals and replacements of parts thereof shall be considered repairs. In the case of buildings, towers, bridges, trestles, and other separate structures capable of being readily individualized, charges to this account must be sufficient to provide (in respect of such capital and except as provided in account No. E100, "Fixed Capital, December 31, 1908,") in the account "Accrued Amortization of Capital" by the time such structures go out of service a reserve equal to the original money cost thereof, less salvage, to which account such original cost, less salvage, shall be charged.

E845. ELECTRIC EXPENSES TRANSFERRED — Cr.

Credit to this account the proportion of operating expenses (including depreciation and other amortization as well as repairs) chargeable to other coordinate departments (such as gas or street railroad) within the same corporation, but defrayed in the first instance by the electric department.

NOTE.—Do not credit to this account any allowance in the nature of rent or return upon the cost or value of property.

E846. JOINT OPERATING EXPENSE — Cr.

When any plant or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the operating expenses, the portion of such expenses chargeable to others under the arrangement shall be credited to this account. The portion so credited must not include any allowance for profit or return upon the value of such property.

NOTE A.—The foregoing should be read in connection with the definition of revenue account No. 425, "Joint Electric Rent Revenue".

NORM B.—In the case of the production of power part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to the appropriate revenue account covering the sale of power. (See accounts Nos. 404, 407, 409, 410, and 411.)

ES47a. ACCIDENTS AND DAMAGES.

Charge to this account all expenses (other than law expenses provided for in the succeeding account) on account of persons killed or injured and property damaged in connection with the operation of the plant, as enumerated under the following heads, which must be separately shown in annual reports to the Public Service Commission:

a. Claim Department Expenses: This head includes salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

b. Medical Expenses: This head includes salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

c. Injuries to Employees: This head includes amounts paid in settlement of claims of employees for injuries arising in the course of their employment; also wages paid to disabled employees while off duty.

d. Other Personal Injuries and Property Damage: This head includes amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the plant; also amounts paid in settlement of claims for damage to property not owned by the accounting corporation.

e. Other Accident Expenses.

NORM.—If it is desired that the charge to operating expenses on account of injuries and damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

ES47b. LAW EXPENSES CONNECTED WITH DAMAGES.

Charge to this account all law expenses in connection with the defense or settlement of damage claims, including—

a. Salaries and Expenses of Attorneys: A proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work.

b. Court Costs and Expenses: Fees of court stenographers, expenses connected with taking depositions, and other court expenses.

c. Law Printing: Cost of law books, and cost of printing briefs, court records, and similar papers.

NORM A.—In their annual reports to the Public Service Commission, corporations will be required to classify to this account under the three heads (a), (b) and (c), above given.

NORM B.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account No. ES36, "General Law Expenses".

NORM C.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

E848. GENERAL STATIONERY AND PRINTING.

Charge to this account all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing briefs and other legal papers shall be charged to account No. E836, "General Law Expenses," or No. E847b, "Law Expenses Connected with Damages," in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter shall be charged to account No. EC552, "Promotion Expenses — Electric," under the head of "Advertising".

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized, shall, if for use in general offices, be charged to account No. E835, "General Office Supplies and Expenses"; or if for the use of departmental offices, to the proper departmental accounts.

EC850. STORE AND STABLE EXPENSES.

Charge to this account all matters provided for under the following heads:

STORE EXPENSES: This head includes all salaries and expenses in connection with storerooms, including cost of sending material and supplies from general storerooms to branch storerooms, and the collection of scrap material.

STABLE EXPENSES: This head includes the cost of feed, keep, and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses; also the cost of repairing harness and vehicles.

NOTE.—The cost of horses purchased to replace others should be charged to account No. E122, "General Equipment".

E852. UNDISTRIBUTED ADJUSTMENTS — BALANCE.

At least once a year an inventory of materials and supplies shall be taken, and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account in case it can not be assigned to a specific account. Credit to this account all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NOTE.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to account No. E285, "Miscellaneous Construction Expenditures".

E853. DUPLICATE ELECTRIC CHARGES — CR.

Credit to this account all charges made to any accounts in electric operating expenses in respect of any electric power or other product of electric operations of the corporation consumed therein.

17. **Expenses of Outside Operations.**— The detailed expense accounts for other than electric operations will be elsewhere provided for.

18. **Tax accounts.**— An account shall be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account shall be appropriately entitled (as e. g., "Taxes Assignable to Electric Operations," "Taxes Assignable to Non-

operating Revenues," etc.), and shall be so kept as to show separately the following:

State Franchise Tax on Capital Stock,
State Franchise Tax on Gross Earnings,
Special Franchise Tax,
Taxes on Land (exclusive of improvements),
Taxes on Improvements on Lands,
Taxes on Personal Property,
Other Taxes (showing in detail).

To each tax account there shall be charged monthly the amount of taxes accruing during the month, and such amount shall be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any month shall, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter shall be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be \$600 for the year, the monthly charge on account of such tax should be \$50 until the amount of the levy becomes known. If during, say the fifth month, it is found that the levy for the year is \$640, there will already have been charged up four months at \$50 per month, leaving \$440 to be charged during the remainder of the year, or \$55 for the fifth month and each month thereafter during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Public Service Commission.

19. **Uncollectible Bills.**—For uncollectible electric bills the following account is provided:

E870. UNCOLLECTIBLE ELECTRIC BILLS.

When, after a reasonably diligent effort to collect, any account stated for electric energy sold has proved impracticable of collection, it shall be charged to this account and credited to the account receivable in which theretofore charged.

20. **Definitions of Non-operating Revenue accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

E901a. RENT ACCRUED FROM LEASE OF ELECTRIC PLANT.

Credit to this account monthly as they accrue all revenues flowing to the corporation from its interests in electric plant or equipment held by others under some form of lease whereby it surrenders possession of such property. This account contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

E901d. MISCELLANEOUS RENT REVENUES.

Credit to this account monthly as they accrue all miscellaneous rent revenues flowing to the corporation as a return upon leased property other than electric plant and equipment. Such revenues shall be classified as follows:

Leasehold Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease the entire term of which is greater than one year. This contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

Other Rent Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease or contract for a term not to exceed one year from the beginning of the term, or held at will or upon sufferance. This account contemplates that the taxes on property of this character shall be paid by the landlord and charged to the appropriate tax account. If under the contract covering the holding for terms of one year or less, or at will, the taxes are to be paid by the tenant, the amount of such taxes shall be credited month by month to this account as they accrue, and shall correspondingly be charged to the tax account covering taxes on property of this character.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

E902. INTEREST REVENUES.

Credit to this account monthly as it accrues all —

Interest from Bound Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as heretofore defined) as are liabilities of solvent concerns and individuals.

Interest from Free Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as heretofore defined) as are liabilities of solvent concerns and individuals.

Interest from Other Sources: That is to say, all interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the two foregoing heads, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

E903. DIVIDEND REVENUES.

Credit to this account at their cash value and as of the date when collectible, all —

Dividends on Bound Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its bound investments.

Dividends on Free Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its free investments.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

E904. PROFITS FROM OPERATIONS OF OTHERS.

Whenever, in accordance with the terms of any contract, the corporation is entitled to participate in the profits resulting from the operations of others, all revenues accruing to the corporation from such source shall be credited to this account.

Note.—This account does not include any dividends on stocks. Such dividends should be credited to account No. E903, "Dividend Revenues".

E905. MISCELLANEOUS NON-OPERATING REVENUES.

To this account shall be credited all non-operating revenues accruing to the corporation and not provided for in any of the foregoing accounts.

21. Definition of Non-operating Revenue Deductions account.—To an account entitled "Non-operating Revenue Deductions" shall be charged all matters provided for under the following sub-accounts:

a. RENT EXPENSE: This sub-account includes all matters provided for under the following two heads:

Leasehold Expense: That is to say, all expense arising in connection with the procuring of revenues from leaseholds having terms greater than one year, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such leaseholds. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This head includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as repairable wear and tear. It does not include taxes.

Other Rent Expense: This head is analogous to the preceding head "Leasehold Expense," and differs from that only in that this provides for expense in connection with property let for a term of one year or less.

b. INTEREST EXPENSE: This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

c. DIVIDEND EXPENSE: This sub-account includes all expense arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

d. OTHERS' OPERATIONS EXPENSE: This sub-account includes the cost of negotiating contracts whereunder the corporation is to participate in profits resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

e. MISCELLANEOUS NON-OPERATING EXPENSE: This sub-account includes all non-operating expense (as hereinbefore defined) which is not provided for in the foregoing sub-accounts.

f. NON-OPERATING TAXES: This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

g. UNCOLLECTIBLE NON-OPERATING REVENUES: When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof shall be credited to the account in which theretofore charged, and charged to the account "Non-operating Revenue Deductions" under the head of "Uncollectible Non-operating Revenues".

NOTE.—In annual reports of corporations to the Public Service Commission this account will be required to be fully analyzed.

22. Income Deductions.—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by the operating expenses, the taxes, and the uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly for the non-operating revenues, the non-operating expenses, and the non-operating taxes.

The aggregate of the incomes from the several operations and the non-operating income is the gross income applicable to corporate and leased properties. As has before been said, the gross income is, in the usual case, subject to various compulsory deductions, and these are hereinafter called *Income Deductions*.

23. Definitions of Income Deduction accounts.—In the following definitions the letters and numbers prefixed to the titles of the several accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

921. INTEREST DEDUCTIONS.

Charge to this account monthly (or as otherwise below directed) all matters provided for under the following five heads:

Absolute Interest Accrued on Funded Debt: This head includes all interest accruing absolutely on the outstanding funded debt of the corporation.

Contingent Interest Accrued on Funded Debt: This head includes when the contingency occurs all interest accruing contingently on the outstanding funded debt of the corporation. This includes such matters as interest on income bonds.

Interest Accrued on Receiver's Certificates: This head includes all interest accruing on receiver's certificates which are liens upon the property of the corporation or any part of it.

Interest Accrued on Other Unfunded Debt: This head includes all interest accruing on all unfunded debt of the corporation except receiver's certificates.

Interest Accrued on Debenture Stocks: This head includes all interest accruing on the outstanding debenture stocks of the corporation.

Entries in the account "Interest Deductions" must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

922a. RENT FOR LEASE OF OTHER ELECTRIC PLANT.

Charge to this account monthly all amounts accrued against the accounting corporation for rent of electric plant and equipment which it holds under

some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such plant and equipment shall not be charged to this account but to the appropriate Taxes account. If such taxes are (under the contract of lease) payable by the lessor or reversioner, they shall be credited to this account and charged to the appropriate Taxes account. Such taxes, when paid by the lessor or reversioner, shall be charged to its rent revenue account and not to its Taxes account, to the end that taxes upon such plant and equipment shall be reported by the corporation in possession.

922. OTHER RENT DEDUCTIONS.

Charge to this account the matters provided for in the following sub-accounts:

f. JOINT FACILITY RENTS: Where any plant or equipment is maintained or operated by another corporation for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such plant or equipment over and above depreciation and other expense of maintenance and operation, such pure rent, or profit, or return upon property shall be charged to this sub-account.

NOTE.—This should be read in connection with revenue account No. 425, "Joint Electric Rent Revenue".

g. MISCELLANEOUS RENT DEDUCTIONS: This sub-account includes all miscellaneous rents payable not elsewhere provided for.

NOTE A.—Rents for furnished offices (and for office rooms in office buildings heated and lighted by the landlord) should not be charged to this account, but to the appropriate expense account.

NOTE B.—Entries in this account must be made in such wise as to permit an analysis in the annual report of the corporation in accordance with the sub-accounts above defined.

923. SINKING FUND ACCRUALS.

Charge to this account month by month all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

924. GUARANTIES OF PERIODIC PAYMENTS.

Charge to this account all unsecured accruals of obligations arising under contracts whereby the corporation has guaranteed the annual or more frequent periodic payment of money or performance of other obligation on the part of another corporation or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This account does not include such matters as guaranties of payment of principal of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the unsecured portion thereof shall be charged to this account.

925. LOSS ON OPERATIONS OF OTHERS.

Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged to this account.

926. OTHER CONTRACTUAL DEDUCTIONS FROM INCOME.

Charge to this account month by month all contractual liabilities arising from annual or other more frequent periodic matters and not includible in any of the foregoing accounts. This account includes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

927. AMORTIZATION OF LANDED CAPITAL.

Charge to this account at the close of any fiscal period such portion of the original money cost (estimated if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account shall be concurrently credited to account No. 374, "Accrued Amortization of Capital".

NOTE B.—When any landed capital expires or is otherwise retired from service (as *e. g.*, through sale), the capital account or other indicant account (if any) originally charged therewith shall be credited with the amount originally charged, the account "Accrued Amortization of Capital" shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

928. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE.

Charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to account No. 939, "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

929. AMORTIZATION OF PREMIUM ON DEBT—CR.

Credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium at which such debt was issued. Such amortization may at the option of the corporation be effected by crediting all or any portion of such premium to account No. 931b, "Other Additions to Surplus," only upon the maturity of the debt.

24. Appropriations.—The balance resulting from closing the foregoing Income Deduction accounts for any fiscal period into Gross Income for that period gives the Net Corporate Income for the period. The net corporate income being of the same nature as the corporate surplus shall be closed into the "Corporate Surplus or Deficit" account. The group of accounts which

show for any fiscal period the changes in the "Corporate Surplus or Deficit" account are designated the "Appropriation" accounts, for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period each of the "Appropriation" accounts shall be closed into the "Corporate Surplus or Deficit" account.

25. Definitions of Appropriation accounts.—In the following definitions of the Appropriation accounts the letters and numbers prefixed to the titles of the accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

931a. BAD DEBTS COLLECTED.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

931b. OTHER ADDITIONS TO SURPLUS.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

932. EXPENSES ELSEWHERE UNPROVIDED FOR.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc., fines levied on directors, officers, and other employees and assumed by the corporation, donations to funds, to churches and other associations, and other like expenses and outgoes.

933. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall thereupon be charged to this account. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

934. AMORTIZATION ELSEWHERE UNPROVIDED FOR.

Charge to this account such amortization as is not elsewhere provided for. This account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

935. APPROPRIATIONS TO RESERVES.

Charge to this account all optional appropriations to reserves.

936. GIFTS TO CONTROLLED CORPORATIONS.

Charge to this account all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

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937. OTHER APPROPRIATIONS.

Charge to this account all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

938. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as have been provided for in the heretofore defined "Uncollectible Bills" accounts must not be included in this account.

939. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

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UNIFORM SYSTEM OF ACCOUNTS

AS ESTABLISHED FOR ELECTRICAL CORPORATIONS WITH ANNUAL
GROSS OPERATING REVENUES BELOW \$100,000.

ADOPTED DECEMBER 16, 1908; EFFECTIVE JANUARY 1, 1909.

STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION, SECOND DISTRICT.
At a session of the Public Service Commission, Second
District, held at the Capitol, Albany, on the 18th
day of December, 1908.

Present:

FRANK W. STEVENS, Chairman,
THOMAS M. OSBORNE,
MARTIN S. DECKER,
JAMES E. SAGUE,
JOHN B. OLMPED,
Commissioners.

Ordered: That, except as hereinafter provided:

1. On and after January 1, 1909, every electrical corporation whose revenues from electric operations as defined in the hereto annexed schedule marked "Schedule A" were, during the year ended June 30, 1907, below the sum of one hundred thousand dollars (\$100,000) shall keep upon its books the accounts prescribed or defined in the said "Schedule A", so far as the said accounts are pertinent to the facts and circumstances of the said corporation. The term electrical corporation is used herein in the sense defined in the Public Service Commissions Law.

2. On and after the date of service of this order on any such electrical corporation, such corporation shall not charge to any account representing cost of property any discount or commission on securities issued by the said corporation, but shall charge all such discounts, commissions, and other expense connected with the issue of securities subsequent to the said date of service, in accordance with the directions contained in the definitions of the account named Organization, and the account named Unamortized Debt Discount and Expense, in the said "Schedule A".

3. On and after January 1, 1909, every such electrical corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule B", so far as the same are pertinent to the facts and circumstances of the said corporation.

4. During the year beginning January 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun January 1, 1908; provided that on or before January 1, 1909, there be filed with the Public Service Commission a statement containing a list of the said accounts pertaining to the year begun January 1, 1908, and definitions of such accounts.

5. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary,

experimental, or divisional account, the said corporation shall file with the Public Service Commission, at least ten days in advance of the time when the said account is to be instituted, a statement showing the name of the said account, the date when it is to be instituted, the purpose for which it is to be kept, the period of time during which it is to be kept, and a clear and accurate definition of the classes of items and facts to be contained in the said account; and in case of a divisional account, the definition of the division covered. Upon compliance with the provisions of this paragraph, any account herein prescribed or defined in either said "Schedule A" or said "Schedule B" may be subdivided.

6. All notices herein required to be filed concerning accounts shall be upon sheets 9½ inches by 12 inches in size, and shall be entitled in the name of the corporation filing said notices, followed by a brief statement of the character of the accounts covered by the notice.

SCHEDULE A.

BALANCE SHEET OR INDICANT ACCOUNTS.

1. **Electrical Corporations and Electric Operations defined.**—Section 2 of the Public Service Commissions Law defines *electrical corporation* as follows:

§ 2. . . . The term "electrical corporation" . . . includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever (other than a railroad or street railroad corporation generating electricity for its own use exclusively), owning, operating, managing or controlling any plant or property for generating and distributing, or generating and selling for distribution, or distributing electricity for light, heat or power or for the transmission of electric current for such purposes.

Electric operations, as the term is hereinafter used, include all acts and transactions directly connected with the operation of a plant for the production of electric energy, the transmission thereof and the supply thereof to consumers for light, heat, or power, and all operations incident thereto, including the collection of revenues therefor and the disposition of byproducts produced in connection therewith.

2. **Accounts to be kept by double-entry method.**—All accounts kept by any corporation or person within the scope of the present order shall on and after January 1, 1909, be kept by the double-entry method.

NOTE.—This requirement is not intended to apply to purely statistical accounts.

CAPITAL ACCOUNTS.

3. **Capital defined.**—As the term is used herein, by *capital* of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. **Fixed Capital defined.**—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen¹) is called *fixed capital*.

5. **Floating Capital defined.**—Capital other than fixed capital is called *floating capital*.

6. **General Capital and Departmental Capital defined.**—Fixed capital is divisible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the use of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

¹Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

7. **Landed Capital and Non-landed Capital defined.**—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called *non-landed capital*.

8. **Intangible and Tangible Capital distinguished.**—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible property within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses.¹

9. **Further Classification of Capital.**—Capital is also divisible into *original capital*, *additions*, *betterments*, and *renewals and replacements*, as defined below. Charges to capital accounts shall show these divisions as set forth in paragraph 21, *infra*.

10. **Original Capital defined.**—*Original Capital* is that put into service at the outset of an enterprise.

11. **Additions defined.**—*Additions* include additional structures, facilities, or equipment not taking the place of anything previously existing.

12. **Betterments defined.**—*Betterments* include the enlargement or improvement of existing structures, facilities, and equipment.

13. **Renewals defined.**—*Renewals* include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. **Replacements defined.**—*Replacements* include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When a substitute has a substantially greater capacity than that for which it is substituted, the cost of substitution of one of the same capacity as the thing replaced should be charged as a replacement, and the remaining portion of the cost of the actual substitute should be charged as a betterment.

15. **Repairs defined.**—When through wear and tear or through casualty it becomes necessary to replace some part of any structure, facility, or unit of equipment, and the extent of such replacement does not amount to a substantial change of identity in such structure, facility, or unit of equipment, the replacement of such part is to be considered a repair, and the cost of such repair is to be treated as an operating expense and must not be charged as a replacement in any capital account.

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

16. **First entries must enable identification.**—Throughout all capital accounts, the first entry in respect of any particular thing shall describe it with such particularity as to enable its identification, and shall give it a distinguishing name, number, or other designation by which it shall thereafter be designated in every entry in any capital account which in any way concerns it. In the case of continuous structures like railroad track, or electric line, or pipe line, such structures shall be itemized to the extent that no item shall contain more than one operating division or more than one type of construction, and the entry in relation to any item shall describe the size, weight, type, and other principal physical characteristics of the chief constituent parts, together with their spacing if discontinuous.

17. **Costs of new capital to be actual money costs.**—All charges made to capital or other accounts on or after January 1, 1909, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

18. **Discounts upon securities not to be charged to capital accounts.**—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

19. **Costs of labor, materials, and supplies.**—Cost of labor (employed in construction) includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of material and supplies consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

20. **Withdrawals or retirements.**—When anything is withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

21. **Particulars required to be shown in entries.**—Every charge made to a capital account on or after January 1, 1909, shall show whether the thing in respect of which the charge is made is original capital, or an addition, a betterment, a renewal, or a replacement. If the thing is a betterment, the entry shall designate the thing enlarged or improved and shall cite by name and page of book or other record the original entry of cost of such thing enlarged or improved. If the thing to which any charge hereafter made re-

lates is a renewal or a replacement, the entry made in respect thereof shall designate the thing renewed or replaced and shall cite by name and page of book or other record the original entry or entries of cost of such thing renewed or replaced. If there is no entry in the accounts of the corporation showing the cost (to the corporation) of the thing bettered, renewed, or replaced, that fact shall be stated in the entry describing the betterment, renewal, or replacement, and the original cost of such thing to the corporation shall be stated. Such cost shall be estimated if not known, and when estimated the basis of such estimation shall be shown.

22. Betterments involving partial destruction of thing bettered.—If any betterment involves the partial destruction or partial reconstruction of the thing bettered, only such portion of the cost of the change shall be charged as a betterment as will when added to the original cost (estimated if not known) of the thing bettered give the cost of reconstruction or replacement of the thing as bettered, and the remainder of the cost of the change (account being taken of any salvage) shall be charged to the appropriate repair account.

E. g., a building, original cost unknown but estimated to be \$15,000, is bettered by the construction of an elevator shaft, and its stairways are modified so as to be fireproof; the actual expenditure for these changes is \$3,000; the estimated cost of replacement of the building (as modified) with one equally serviceable and with an equal expectation of life is \$16,000; the charge to capital account as a betterment should be \$1,000, and the remainder (\$2,000) of the expenditure should be charged to the appropriate repairs account.

23. Plant and equipment and other capital purchased.—When any fixed capital in the form of a going or completed plant is purchased, an appraisal of such capital so acquired shall be made, and the different constituent elements of the plant (and equipment, if any) or other capital acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence, and inadequacy. If the actual money value of the consideration given for the plant or other capital was at the time of the acquisition in excess of such appraised value, the excess shall be charged to the account "Other Intangible Electric Capital," and the appraised values of the constituent elements shall be charged to the appropriate accounts as designated in the following definitions of accounts for fixed capital. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each plant or other such fixed capital purchased, will be required to be made to the Public Service Commission, and the purchaser will be required to procure in connection with the acquisition of any such plant or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such plant, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

24. Definitions of Fixed Capital accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

E100. FIXED CAPITAL, DECEMBER 31, 1908.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to electric operations as such capital stood at the close of December 31, 1908. Such charges shall be made at the figures at which such capital was carried on the books of the said person or corporation on that date. When any capital included in such account is retired from service, the amount at which it is charged therein shall be credited to this account; the amount of depreciation or other amortization thereon applicable to the period subsequent to December 31, 1908, shall be charged to account No. 374, "Accrued Amortization of Capital," proper account shall be taken of any salvage, and the remainder of the amount originally charged to capital shall be concurrently charged to the Corporate Surplus or Deficit account (or equivalent account carried on the books on December 31, 1908), unless there was carried on the books at that date a reserve to cover retirement of capital from service, in which case the said concurrent charge shall be made to such retirement reserve account. If the amount at which the said capital in service on December 31, 1908, and subsequently retired from service, was included in the said account is not disclosed on the books and records of the accounting person or corporation and is not within the knowledge of such person or corporation or officers or other employees thereof, it shall be estimated, and such estimated amount shall be treated as is above directed for the actual amount, the fact of estimation being stated in the entry.

NOTE.—Corporations will be required to carry as sub-accounts of the account "Fixed Capital, December 31, 1908," the several accounts on their books on that date which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

The following capital accounts are prescribed for transactions subsequent to December 31, 1908:

E110. LAND DEVOTED TO ELECTRIC OPERATIONS.

Charge to this account the cost of the accounting corporation's landed capital which is devoted to electric operations as hereinbefore defined. This includes land occupied by generating stations and their appurtenances, rights of way for transmission and distribution lines and other electric operations; also those for canal and pipe lines, water rights, and rights of pondage, flowage, and submersion, where such rights have lives in excess of one year from the date when such land is placed in service. Such cost includes, when assumed or paid by the purchaser in its own behalf, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired; also costs of obtaining consents and payments for abutting damages.

NOTE A.—Cost of buildings and other improvements must not be included in this account.

NOTE B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to its electric operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the

appropriate structures account, and excluded from the account "Land Devoted to Electric Operations". If such improvements are not devoted to electric operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land Devoted to Electric Operations". The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Public Service Commission the subdivision of the cost of its land devoted to electric operations into the following:

- Land Occupied by Generating Stations.
- Land Occupied by Outside Sub-stations.
- Water Rights.
- Other Land Devoted to Electric Operations.

101. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiation and issue of stock thereunder, shall be classed as additions. Cost of preparing and filing certificates of amendment of articles of incorporation shall be classed as a betterment. Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classed as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

E102. FRANCHISES (ELECTRIC).

To this account shall be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" (section 69 of the Public Service Commissions Law) as is necessary to the conduct of the corporation's electric operations. If any such franchise is acquired by means assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Electric Capital". If any such franchise has a life of *not more than one year after the date when it is placed in service*, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments" if extending beyond the fiscal year.

Payments made to the State or to some subdivision thereof as a consideration for granting an extension for more than one year of the life period of a franchise shall be classed as renewals. Those made as a consideration for

franchises or extensions thereof covering additional territory to be operated as a part of an existing system shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NOTE.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

E103. PATENT-RIGHTS (ELECTRIC).

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's electric operations. If any such right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent-right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

E104. OTHER INTANGIBLE ELECTRIC CAPITAL.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to electric operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

E121. GENERAL STRUCTURES.

Charge to this account the cost of all buildings and other structures of a permanent character devoted to general corporate purposes, not restricted to electric operations and not includible in any of the departmental accounts; also of all fixtures permanently attached thereto and made a part thereof, such as water pipes and fixtures, steam pipes and fixtures for warming and ventilating, gas pipes and fixtures for lighting, etc., electric wiring and fixtures for lighting, signaling, etc.; elevators, etc., and the engines and motors specially provided for operating them; furnaces, boilers, etc., specially provided for producing steam for such engines and for heating; electric generators specially provided for producing current for lighting such buildings, etc. This account includes such piers and other foundations for machinery and apparatus as are designed to be as permanent as the buildings in (or in connection with) which they are constructed, and to outlast the first machinery or apparatus mounted thereon.

NOTE A.—Among such buildings may be mentioned general office buildings, general shop buildings, general storehouses, general stable buildings, etc. Where general offices, shops, storehouses, stables, etc., are in buildings includible in a departmental account, as e. g., in a power station building, no part of the cost of such building shall be charged to this account. This account is provided for structures of a general or miscellaneous character not assignable to any particular department.

NOTE B.—When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a general building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate departmental capital account, and no part to the account "General Structures".

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NOTE C.—The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, should be charged to the same account as is the cost of the machinery or apparatus for which they are provided.

E122. GENERAL EQUIPMENT.

Charge to this account the cost of all equipment of general structures, as provided under the following heads:

a. General Office Equipment: This includes the cost of all equipment of general offices, such as desks, chairs, tables, movable safes, filing cases, drafting room equipment, and other like office appliances and equipment; also engineering instruments.

b. General Shop Equipment: This includes the cost of all equipment specially provided for general shops, such as furnaces, boilers, gas producers, engines, electric generators, and other power apparatus used in operating machinery in such shops; machine tools, cranes, hoists, shafting, belts, and the like shop equipment; also such smithing equipment in general shops as is used principally for other general purposes than shoeing horses and repairing vehicles.

NOTE.—Hand and other small portable tools liable to be lost or stolen shall not be included herein, but portable tools and apparatus of special value may be charged to this account and remain herein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

c. General Store Equipment: This includes the cost of all equipment of general store structures, such as movable counters, movable shelving and other movable equipment of like nature, carts, barrows, trucks, etc., and other apparatus and appliances used in handling materials and supplies.

NOTE.—Counters, shelving and the like which are permanently attached to the structure shall be charged to account No. E121, "General Structures," and not to this account.

d. General Stable Equipment: This includes the cost of all equipment of general stables, including horses, harness, drays, wagons, automobiles and other vehicles, equipment of shoeing shops, harness repair shops, vehicle repair shops, etc.

E131. DAMS, CANALS, AND PIPE LINES.

Charge to this account the cost of all dams, canals, aqueducts, and pipe lines devoted to the utilization of water power and the delivery of the water to the headgate of the turbine or water-wheel; also that of all wasteways from the outlet of the draft-tube to the point of final discharge. This includes all gates, valves, and other accessories of such dams; also wasteways, sluices, forebays, grids, walls, fences, etc., for the protection of such canals and pipe lines, and all trestles and other supporting structures; also all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines.

E132. POWER PLANT BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for housing power generating plants. This account includes cost of excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

E141a. FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in generating electric energy. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also iron smokestacks. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

E141b. STEAM ENGINES.

Charge to this account the cost of all steam engines devoted to the production of electric energy. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers, air and circulating pumps, lubricating systems, etc., but not the steam pipe leading from the boiler, nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the steam engine and the electric rotor thereon shall be considered a part of the electric equipment.

E142. TURBINES AND WATER-WHEELS.

Charge to this account the cost of all turbines and water-wheels devoted to the conversion of water power into mechanical power for the production of electric energy. This includes the specially provided foundations and settings of such wheels, also their governors and all other appurtenant apparatus attached thereto from and inclusive of the headgates and governors to (but exclusive of) the wasteway. Where the electric rotor is mounted on (not merely coupled to) the shaft of the water-wheel, the shaft shall be considered a part of the water-wheel and the electric rotor thereon shall be considered a part of the electric equipment.

E143a. GAS PRODUCERS AND ACCESSORIES.

Charge to this account the cost of producers and accessories devoted to the production of gas for the purpose of operating electric generators, including the cost of specially provided foundations and settings for such producers and accessories. This account includes producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfits, seals, specially provided boilers and pumps, flues and piping, blower engines, pipes for the conduction of gas from such producers to holders and to gas engines, holders for producer gas, exhaust pipes from gas engines, etc. It does not include pipes whose primary purpose is the warming of buildings; nor does it include power transmission apparatus, or water pipes, steam pipes, water pumps, or inspirators.

E143b. GAS ENGINES.

Charge to this account the cost of all gas engines devoted to the production of electric energy, including the specially provided foundations and settings of such engines. The engine includes the inlet valve, governor, and ignition and starting apparatus, but not the pipe leading from the gas holder,

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nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the engine and the electric rotor thereon shall be considered a part of the electric equipment.

E144a. ELECTRIC GENERATORS.

Charge to this account the cost of all electric generating apparatus driven by engines operated by steam, water, or gas; and rotaries and motor generating sets, exciters, etc., when not installed in connection with transmission systems. This includes the specially provided foundations and settings of such apparatus. Where the electric rotor of such apparatus is mounted on the shaft of the steam, hydraulic, or gas engine, the rotor is to be included herein, but not the shaft. Belts, countershafts, and other like intermediaries between such engines and the generators are also to be excluded herefrom.

NOTE.—Regarding transmission and distribution, see the note to account No. E162, "Transmission System".

E144b. ACCESSORY ELECTRIC POWER EQUIPMENT.

Charge to this account the cost of all electric equipment of generating stations not includible in the last foregoing account. This account includes bus-bars, regulators, station switchboards and equipment, such as circuit-breakers, switches, ammeters, voltmeters, wattmeters, and the like, and their foundations and settings; also headgate motors, pump motors, air compressor motors, etc., and special high-tension transmission equipment at power stations, such as high-tension bus-bars, high-tension switchboards, high-tension switches, high-tension current transformers, high-tension lightning arresters, high-tension potential transformers, high-tension reactive coils, high-tension choke coils, high-tension grounding devices and resistances, high-tension raising and lowering transformers, etc.

E145. MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of all miscellaneous equipment at power plants which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

NOTE.—This account should not include any sub-station equipment.

E151. SUB-STATION BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for power sub-station purposes, including excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

NOTE.—No charge should be made to this account in respect of a power plant building, even though such building also contains sub-station apparatus.

E152. SUB-STATION EQUIPMENT.

Charge to this account the cost of all equipment of sub-stations. Such equipment includes not only electric machinery and apparatus, including storage batteries, in sub-stations, but also all other furniture and equipment, such as furnaces, boilers, stoves, elevators, etc., permanently assigned to such stations but not affixed to the structures thereof. It does not include laboratory instruments and apparatus not permanently assigned thereto, nor does it include tools only temporarily assigned to such stations.

E161. POLES AND FIXTURES.

Charge to this account the cost of towers, structures, poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the towers, structures, and poles in position; and all labor expended in connection with the construction of pole lines or structures for carrying the transmission and distribution systems.

E162. UNDERGROUND CONDUITS.

Charge to this account the cost of conduits required for underground wires and cables, including manholes, ducts and pipes, sewer connections, sewer traps, and all material necessary for the completion of the underground conduit system devoted to the protection of the transmission and distribution systems.

E163. TRANSMISSION SYSTEM.

Charge to this account the cost of the transmission system, including cables, wires, insulators, and insulating material.

NOTE.—When the electric current generated (or received from another corporation) is conducted, either at the voltage of generation (or receipt) or at a higher voltage, to a point where it is (a) lowered in voltage by means of step-down transformers, or changed as to kind or frequency by means of (b) motor generator sets, (c) rotary converters, or (d) frequency changers, that portion of the outside line or conductor system antecedent to the said stepdown transformers, motor generator sets, rotary converters, or frequency changers, shall be classed as the Transmission System; except, however, that primary wiring in lighting systems at not to exceed 4,400 volts, 4-wire, 3-phase, shall be classed as a part of the Distribution System. Tie-lines between generating stations and sub-stations shall follow the same rule. Line transformers are not included among the "stepdown transformers" above mentioned.

E164. DISTRIBUTION SYSTEM.

Charge to this account the cost of all distribution main conductors and feeders, including the cost (in place) of all cables, wires, insulators, and insulating material.

This account shall be subdivided so as to show separately the following:

- a. *Overhead Distribution System;*
- b. *Edison Tube System*, including the cost in place of all the Edison tube system material, such as junction boxes, tubing material and conductors, coupling boxes, etc.;
- c. *Other Underground Distribution System.*

NOTE A.—The amounts charged to the subdivisions above stated will be required to be separately reported in the annual reports of the corporation to the Public Service Commission.

NOTE B.—For the distinction between the transmission system and the distribution system, see the note to account No. E163, "Transmission System".

E165. LINE TRANSFORMERS AND DEVICES.

Charge to this account the cost of all line transformers (both overhead and underground), pole line lightning arresters, transformer cut-out boxes, line cut-out switches, etc., in the distribution system.

NOTE.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of line transformers and devices temporarily withdrawn from service.

E166. ELECTRIC SERVICES.

Charge to this account the cost of all conductors (and appurtenant insulation, ducts, and supports) connecting the distribution mains with electric apparatus and appliances in the possession of consumers.

NOTE.—Cost of renewing or modifying services shall not be charged to this account.

E167a. ELECTRIC METERS.

Charge to this account the cost of meters used in determining the amount of electric energy delivered to the several consumers to whom it is supplied.

NOTE A.—Cost of setting, removing, or re-setting such meters shall not be charged to this account.

NOTE B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of consumers' meters temporarily withdrawn from service.

E167b. ELECTRIC METER INSTALLATION.

Charge to this account the cost of the first setting of meters for determining the amount of electric energy delivered upon the premises of consumers, in case it is the policy of the corporation to capitalize the cost of such setting.

NOTE A.—Cost of removing such meters and of setting other meters substituted for them shall not be charged to this account but to account No. E533, "Setting and Removing Meters and Transformers".

NOTE B.—This account must not include at any time the cost of installation of a greater number of consumers' meters than are actually in service.

E171. MUNICIPAL STREET LIGHTING SYSTEM (ELECTRIC).

Charge to this account the cost (in place) of all property of the company in poles, cross-arms, pins, braces, insulators, etc., are circuits, lamps, and outfits and suspensions, specially provided for the municipal street lighting system. Such cost includes cost of material, transportation, setting poles, etc., and restoring the surface of the street to the condition required by the municipality. This account does not include any part of the general distribution system, but only things in the utilization plant beyond the service and devoted to the municipal service.

NOTE A.—Where the municipality requires for its special benefit the extension of mains and services for street lighting, such extensions may, so long as used solely for street lighting, be charged to this account, provided a full description of the extensions so charged and the amounts charged in respect thereof be filed with the Public Service Commission on or before the date when the entry thereof is made upon the books of the corporation.

NOTE B.—If the corporation uses in its street lighting system the same type of arc lamps that it uses in its commercial lighting system, and uses them interchangeably, it will be permitted, upon filing with the Public Service Commission a notice thereof, to charge the cost of all arc lamps in its street lighting system to account No. E172, "Commercial Arc Lamps".

E172. COMMERCIAL ARC LAMPS.

Charge to this account the cost of all property of the company in commercial arc lamps supplied to consumers (including municipal buildings) where such lamps have an expectancy of life in service of more than one year.

NOTE A.—Meters supplied to consumers are provided for in a foregoing account and should not be included herein.

NOTE B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of arc lamps temporarily withdrawn from service.

E173. GLOWER LAMPS.

Charge to this account the cost of all property of the company in electric glower lamps supplied to consumers (including municipal buildings) where such lamps have an expectancy of life in service of more than one year.

NOTE A.—Meters supplied to consumers are provided for in a foregoing account and should not be included herein.

NOTE B.—This account is restricted to long-life incandescent, or glower lamps such as the Nernst, and does not include the ordinary carbon filament incandescent lamps. Short-life incandescent lamps (i. e., those having an expectancy of life of

not more than one year) shall be charged to the appropriate operating expense account when issued for use, and prior to that time they shall be carried in the appropriate "Materials and Supplies" account.

NOTE C.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of long-life incandescent lamps temporarily withdrawn from service.

E174. ELECTRIC MOTORS AND HEATERS.

Charge to this account the cost of all property of the company in electric motors and heaters leased to consumers (including municipalities), and of all appurtenances thereof, such as fans, etc.

NOTE.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of electric motors and heaters temporarily withdrawn from service.

E175. ELECTRIC TOOLS AND IMPLEMENTS.

Charge to this account the cost of all tools and implements coming within the scope of the definition (see note, page 379) of electric fixed capital and not covered by any of the foregoing equipment accounts.

E176. ELECTRIC LABORATORY EQUIPMENT.

Charge to this account the cost of all testing apparatus and laboratory equipment not elsewhere provided for.

NOTE.—This account includes all electric testing apparatus and equipment in laboratories. It does not include such instruments as are permanently assigned to generating stations, sub-stations, and the like, such as station ammeters, voltmeters, and wattmeters, etc.

E177. OTHER TANGIBLE ELECTRIC CAPITAL.

Charge to this account the cost of all tangible electric capital not elsewhere provided for.

E281. ENGINEERING AND SUPERINTENDENCE.

Charge to this account all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work, and all expenses incident to the work, when such disbursements can not be assigned to specific construction.

NOTE.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged.

E282. LAW EXPENDITURES DURING CONSTRUCTION.

Charge to this account general expenditures of the following nature, incurred in connection with the construction of an electric plant, namely: the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees; and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of the right of way or other land shall be charged to account No. E110, "Land Devoted to Electric Operations". Law expenditures in connection with the organization of the corporation shall be charged to account No. 101, "Organization".

E283. INJURIES DURING CONSTRUCTION.

Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of electric plant and equip-

ment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payments to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

E284. TAXES DURING CONSTRUCTION.

Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

E285. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

Charge to this account the salaries and expenses of executive and general officers of an electric plant under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.—This account shall not include any costs of organization, or any costs or discounts connected with the issue and disposal of stocks, funded debt, or other securities, and commercial paper.

E286. INTEREST DURING CONSTRUCTION.

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account. To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

O110. LAND IN OTHER DEPARTMENTS.

Charge to this account the cost of the corporation's interests in land (exclusive of improvements thereon) devoted to operations other than electric operations, gas operations, railroad operations, and street railroad operations.¹ Such cost includes, *when assumed or when paid by the purchaser in its own behalf*, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired. If at the time of acquisition of such interest

¹ NOTE.—GAS CAPITAL, RAILROAD CAPITAL, AND STREET RAILROAD CAPITAL.—For the accounts to which shall be charged the cost of capital devoted to gas operations, see the Uniform System of Accounts for Gas Corporations; for steam railroad operations, see the Uniform System of Accounts for Expenditures for Road and Equipment, etc., as established for Steam Railroad Corporations by the Public Service Commission; and for electric railroad and street railroad operations, see the Uniform System of Accounts for Street Railroad Corporations.

in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to operations other than the four classes above mentioned, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value, and such appraised value shall be charged to the appropriate accounts and excluded from the account "Land in Other Departments". If such improvements are held as investments, the cost (or appraised value at time of acquisition of title if the cost to the corporation is not determined in the contract of acquisition) shall be charged to the appropriate investment account. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land in Other Departments".

O102. FRANCHISES IN OTHER DEPARTMENTS.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" as is necessary to the conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O103. PATENT-RIGHTS IN OTHER DEPARTMENTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O104. OTHER INTANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of intangible capital devoted to its operations other than electric, gas, railroad, and street railroad, and not includible under any of the foregoing accounts.

O120. TANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of tangible capital devoted to its operations other than electric, gas, railroad, and street railroad.

25. Floating Capital divided into two groups.—Floating capital is divided into two great groups, of which the first is herein called "*Materials and Supplies*," and the second, "*Current Assets*".

26. Definitions of Floating Capital accounts.—In the following definitions the letters and figures prefixed to the titles of the accounts are no part of the titles and are inserted merely for convenience of reference:

E10. MATERIALS AND SUPPLIES.

Charge to this account the cost (including transportation) of all materials and supplies acquired by the corporation, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to

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account No. E286, "Interest During Construction," or to account No. E852, "Undistributed Adjustments—Balance," according as such materials and supplies are intended for construction or for operation.

The scrap value of things retired from service shall be charged to an appropriate sub-account in this account while such things remain the property of the corporation. If such scrap value is not known and can not readily be determined it shall be estimated, and errors in such estimates when determined shall be adjusted through the accounts involved if during the year in which the estimates were made; if later, then through the "Corporate Surplus or Deficit" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account and debited or credited to the operating expense account No. E852, "Undistributed Adjustments—Balance," in case they can not be assigned to specific accounts. Shortages may, however, be charged directly to "Corporate Surplus or Deficit". Where such materials and supplies have been used in construction, a suitable proportion of such shortages or overages may be debited or credited to account No. E285, "Miscellaneous Construction Expenditures".

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

1. CASH.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

2. BILLS RECEIVABLE.

Charge to this account the cost of all bills receivable (except as below provided) which are the property of the corporation and upon which solvent concerns are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include investments (for which see page 395); nor does it include interest coupons.

3. ACCOUNTS RECEIVABLE.

Charge to this account all amounts owing to the corporation upon accounts with solvent concerns (other than banks); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

4. INTEREST AND DIVIDENDS RECEIVABLE.

Whenever the income account is stated the appropriate sub-account therein shall be credited, and this account shall be charged with all accrued but

not yet collected interest upon all commercial paper and accounts considered collectible held by or for the benefit of the corporation; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

5. OTHER CURRENT ASSETS.

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

27. Investments defined.— By *Investments*, as here used, are meant all properties acquired not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations at a time when it seems probable that they can not be so advantageously acquired as at the time of actual acquisition. By *bound investments* are meant those held subject to a lien of some character; by *free investments* are meant those held free of all liens.

300. INVESTMENTS.

The cost of the corporation's title to any property held as an investment shall be charged to an account entitled "Investments".

NOTE.— In the annual reports to be made to the Public Service Commission by the corporations and other persons engaged in electric operations, investments, whether bound or free, will be required to be classified with at least the following detail:

Bound investments will be required to be divided into the three classes: "Mortgaged or Pledged Investments," "Contractual Fund Investments," and "Other Bound Investments". Each of these three classes, and the class "Free Investments," will be required to be subdivided into the following: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlled Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments.

28. Special Deposits defined.— By *Special Deposits*, as here used, are meant amounts of money and bank credits in the hands of fiscal and other agents of the corporation for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safety deposit vaults, etc., so long as they are available for general purposes of the corporation, shall be excluded herefrom.

311. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits specially deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest Accrued" account.

312. DIVIDEND SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *especially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of dividends upon the corporation's stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

313. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other special purposes than the payment of interest coupons and dividends. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

eg. Prepayments.—When payments for taxes, insurance, rents, and the like are made in advance of the actual accrual thereof, the amount of the advance payment shall be charged to the appropriate account in this group. As such taxes, etc., accrue, the appropriate prepayment account shall be credited and the appropriate expense or other income account shall be charged.

NOTE.—By the accrual of taxes, insurance, rents, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus, if the rent fixed by contract of lease for a certain property is \$600 for a calendar year, this accrues at the rate of \$50 each month (unless it is desired to base the accrual on days, when of course the varying lengths of the months would require to be considered), regardless of the actual times when the rent matures; \$50 should thus (if the rent has been prepaid) be credited each month to the account "Prepaid Rents," and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

321. PREPAID TAXES.

When taxes are paid in advance of their accrual, the amount prepaid shall be charged to this account. As the taxes thus prepaid accrue, they shall be credited at monthly intervals to this account and charged to the appropriate taxes account. This account must not include any so called taxes, like water taxes, drainage taxes, fire taxes, etc., which are payments for special benefits received. Such payments for special benefits, where finally chargeable to operating expenses, must, when prepaid, be charged to account No. 324, "Other Prepayments".

322. PREPAID INSURANCE.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue they shall be credited at monthly intervals to this account and charged to the appropriate expense account.

323. PREPAID RENTS.

When rents are paid in advance of the enjoyment of the term, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As the term is consumed, this account shall be credited at monthly intervals and the appropriate rent account in the income account shall be charged.

324. OTHER PREPAYMENTS.

When prepayments are made for any other thing than taxes, insurance, and rents, above provided for, such prepayments shall be charged to this account;

and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited monthly to this account and charged to the appropriate expense or income account.

30. Suspense.—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which under the rules of the Public Service Commission may be spread over a period of time, or when any debit made for any other reason may be amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss, or other debit shall, except as herein otherwise directed, be charged to an appropriate account in this group of accounts.

NOTE.—By "amortization" of any charge or credit is meant its gradual extinction. The word is broader than the word "depreciation," since the latter is restricted ordinarily to tangible property. The word "depreciation" also imports more of the idea of fluctuating value and is complicated somewhat with the question of cost of replacement at market prices. Because it is considered unnecessary in connection with the gradual consumption or expiration of life of capital to consider the question of cost of replacement until the replacement is actually made, at which time the cost of replacement is duly charged to the appropriate account, and because provision is necessary for the gradual extinction of certain charges (such as those for some kinds of capital, those for extraordinary casualties, for discount on debt, etc.), to which the term "depreciation" does not well apply, it is considered advisable to use the term "amortization" in connection with the extinction of such charges, and of certain corresponding credits, such as premiums on debt outstanding.

331. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidences of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to account No. 928, "Amortization of Debt Discount and Expense". Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to the account "Other Deductions from Surplus".

332. OTHER SUSPENSE.

To this account shall be made all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit".

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

31. *Securities Actually Issued and Later Re-acquired.*—For the case of securities actually issued by the corporation and later re-acquired by it, the following account is provided:

340. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face values to this account.

32. *Debt defined.*—The word *debt*, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt*.

33. *Funded Debt defined.*—*Funded Debt* comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

34. *Unfunded Debt defined.*—*Unfunded Debt* comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

35. *Funded Debt accounts.*—Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as e. g., "First Mortgage 5% QF 10, Aug. 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture". "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds".

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page, and account

whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

36. Unfunded Debt accounts.— The accounts for unfunded debt are defined as follows:

351. TAXES ACCRUED.

Credit to this account at the close of each month the taxes accrued during the month, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

352. RECEIVER'S CERTIFICATES.

When any receiver acting under the orders of a competent court is in possession of the property of the corporation and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited monthly to this account.

353. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties, and the character of the action or suit. Interest accruing upon any such judgment shall be credited monthly to this account.

NORM.— In case of appeal and affirmance in whole or in part from which judgment of affirmance a further appeal lies, the same rule shall apply as upon entry of original judgment.

354. INTEREST ACCRUED.

Credit to this account at the close of each month the interest accrued during the month upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NORM.— When coupon interest matures it should be transferred from the sub-account "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured". When such interest is paid out of coupon special deposits the sub-account "Coupon Interest Matured" should be charged and the account "Coupon Special Deposits" credited.

355. DIVIDENDS DECLARED.

When any dividend is declared it shall be credited to this account and here remain until it is paid, when it shall be charged to this account and credited to "Cash" or other suitable account.

356. BILLS PAYABLE.

When any note, draft, or other bill payable which matures not later than one year after date of issue (or of demand) or assumption by the corporation of primary liability thereon is issued or assumed, the par value thereof shall be credited to this account, and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account.

E357a. CONSUMERS' DEPOSITS — ELECTRIC.

Credit to this account, as such deposits are made, all cash deposited with the corporation by consumers as security for the payment of electric bills. Deposits refunded shall be charged to this account and credited to "Cash". Deposits applicable to uncollectible or worthless electric bills shall, at the close of the fiscal year (or earlier, at the option of the accounting corporation), be credited to the account of the consumer involved and debited to this account.

357b. OTHER ACCOUNTS PAYABLE.

Credit to this account when incurred all liabilities of the corporation upon open accounts, except those provided for in the foregoing account "Consumers' Deposits".

358. OTHER UNFUNDED DEBT.

Credit to this account at face value all unfunded debt upon which the corporation is liable and which is not elsewhere provided for.

37. Reserves.—Reserves shall be classified as *Permanent* and *Temporary*.

38. Permanent Reserves defined.—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. Permanent reserves shall be classified into the two classes: *Premiums on Stocks*, and *Other Permanent Reserves*.

371. PREMIUMS ON STOCKS.

Premiums on stocks shall be sub-classified with respect to the several classes of stocks, for definitions of which see the accounts under the head "Stocks". A sub-account shall be kept for each particular class of stocks, and such sub-accounts shall be severally entitled:

Premiums on Debenture Stocks,

Premiums on First Preferred Stocks,

Premiums on Second Preferred Stocks, etc., and

Premiums on Common Stocks.

When a premium is realized upon an issue of any particular class of stock, such premium shall be credited to the sub-account above provided for such class of stock, and such credit shall remain in such account so long as such stock remains outstanding. By a premium realized (as the words are above used) is meant the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value thereof shall be considered the premium realized.

372. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account shall be created for each particular purpose for which a reserve is raised, and the purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

39. Temporary Reserves defined.— By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. Temporary reserves shall be classified as *Contractual Reserves* and *Non-contractual Reserves*.

40. Contractual Reserves defined.— *Contractual Reserves* are reserves necessitated by contracts of the corporation, as e. g., reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account shall be raised for each particular contractual reserve, and to such account shall be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

41. Non-contractual Reserves defined.— *Non-contractual Reserves* are such temporary reserves as are raised without being required under any contract. Non-contractual reserves are divided into *Required* and *Optional*.

42. Required Reserve accounts.— Required reserves are provided for in the following accounts:

374. ACCRUED AMORTIZATION OF CAPITAL.

Credit to this account such amounts as are charged from time to time to "Operating Expenses," or other accounts to cover depreciation of plant and equipment, and other amortization of capital. When any capital is retired from service, the original money cost thereof (estimated if not known, and where estimated, that fact and the facts upon which the estimate is based shall be stated in the entry), less salvage, shall (except as provided in account No. E100, "Fixed Capital, December 31, 1908,") be charged to this account; the amount originally entered or contained in the charges to any capital account in respect of such capital so going out of service shall be credited to such capital account, and any necessary adjusting entry made to the appropriate sub-account under the account "Corporate Surplus or Deficit".

375. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidence of indebtedness and the accrued interest shall be credited to this account. At monthly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity shall be charged to this account and credited to "Amortization of Premium on Debt" in "Income" account; or at the option of the corporation the charge to this account may be delayed to a time not later than the date of maturity of the debt, in which case the proportion ap-

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plicable to the period covered by the then current income account shall be credited to the account "Amortization of Premium on Debt," and the remainder of the credit shall be to the account "Other Additions to Surplus".

378. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve shall show the purpose of the reserve, and every subsequent entry with respect to that reserve shall designate the reserve to which it relates.

43. *Optional Reserve accounts.*—*Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

381. CASUALTIES AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualties and Insurance Reserve". Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

382. OTHER OPTIONAL RESERVES.

A sub-account shall be raised for each particular reserve, and its title shall designate the purpose of such reserve and the first entry therein shall express in full such purpose.

44. *Stocks defined.*—By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

45. *Stocks classified.*—*Stocks* are classified as—
Debenture Stocks,
First Preferred Stocks,
Second Preferred Stocks, etc., and
Common Stocks.

46. *Debenture Stocks defined.*—*Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

47. *First Preferred Stocks defined.*—*First Preferred Stocks* are those which have the first claim upon such dividends as may be distributed. They may be cumulative or noncumulative, participating or nonparticipating. If cumulative, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends

until satisfied; if *noncumulative*, such amount lapses. If a first preferred stock is *participating*, it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if *nonparticipating*, it is limited to the stipulated rate.

48. **Second Preferred Stocks defined.**—*Second Preferred Stocks* are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or noncumulative, participating or nonparticipating.

49. **Common Stocks defined.**—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

50. **Voting Powers.**—Stocks differ also in regard to the voting powers incident to ownership of them.

51. **Retirement of Stocks.**—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

52. **Separate account required for each class of stocks.**—In the accounts of stocks outstanding, a separate account shall be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks and shall be clearly expressed in the first entry in such account. To the account for any class of stocks shall be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other consideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be by him disposed of for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess shall be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

SCHEDULE B.

INCOME ACCOUNT.

1. **Income and Indicant accounts compared.**—A comparison of the balances in the foregoing accounts (Schedule A) at any particular moment will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the *Balance Sheet* or *Indicant* accounts. Their balances indicate the condition of the corporation at any particular time. These accounts with their subsidiary accounts are all that are necessary prior to the time when the corporation becomes what may be called a "going concern".

When a corporation begins operations it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the *Income* account. They are made up usually on a yearly basis and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group.

2. **Divisions of Income account.**—The principal divisions of this group of accounts are the *Revenue* accounts, the *Revenue Deduction* accounts, the *Income Deduction* accounts, and the *Appropriation* accounts.

3. **Revenues defined.**—By *Revenues*, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interests in property). Revenues are classified as *Operating Revenues* and *Non-operating Revenues*.

4. **Operating Revenues defined.**—*Operating Revenues* are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its own operations.

5. **Non-operating Revenues defined.**—*Non-operating Revenues* are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as *Rents*, *Interest*, *Dividends*, and *Miscellaneous*.

6. **Revenue Deductions defined.**—*Revenue Deductions* include *Expenses*, *Taxes*, and *Uncollectible Bills*.

7. **Expenses defined.**—*Expenses* are those outgoes (including capital consumed) necessary to the production of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into *Operating Expenses* and *Non-operating Expenses*. *Operating Expenses* are those incident to the operating revenues.

8. **Taxes defined.**— *Taxes* are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. **Uncollectible Bills defined.**— When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity (as *e. g.*, electric energy or gas for light, heat, or power), current accounts or claims against such consumers for such service rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills*.

10. **Gross Income, Income Deductions, and Net Corporate Income defined.**— Revenues, diminished by expenses, taxes, and uncollectible bills, give an amount called *Gross Income*, which is applicable to corporate and leased properties. Gross income is subject to several compulsory deductions, mostly contractual, like rent, interest, etc., and the remainder after these are made is called *Net Corporate Income*, which being subject only to the discretion of the corporation is most conveniently carried directly to the corporate surplus. The accounts covering the compulsory deductions from gross income, as above defined, are called the *Income Deduction* accounts.

11. **Appropriation accounts defined.**— The accounts covering the yearly changes in the corporate surplus are called the *Appropriation* accounts, since practically all of the matters covered by them are within the discretion of the corporation, although they also include certain adjustments made because of facts of previous years imperfectly accounted for at the time (whether through error or through lack of information), and certain other minor matters like extraordinary expenses not chargeable as deductions from revenues; also such matters as profits on the sale of capital, and profits and losses on the sale of investments.

12. **Definitions of Electric Operating Revenue accounts.**— Credits to the various revenue accounts shall be made upon the basis of bills rendered or of gross prices. Discounts for prompt payment, corrections of overcharges, overcollections theretofore credited and afterward corrected, authorized abatements and allowances, and other corrections and deductions shall be charged to the revenue account to which they relate. In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

401. MUNICIPAL STREET LIGHTING — ARC.¹

Credit to this account all revenues derived from lighting streets for municipal corporations by means of arc lamps.

402. MUNICIPAL STREET LIGHTING — INCANDESCENT.

Credit to this account all revenues derived from lighting streets for municipal corporations by means of incandescent electric lamps.

NOTE.— In the foregoing two accounts the word "streets" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

403. LIGHTING MUNICIPAL BUILDINGS — ELECTRIC.

Credit to this account all revenues derived from lighting municipal buildings by means of electric lamps, and from electric energy supplied for such

¹ Charges to this and the following revenue accounts must be made in such wise as to permit their classification in the annual report of the corporation to the Public Service Commission.

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purposes, or for heat or power in municipal buildings where such energy is supplied at lighting rates and is not separately measured.

404. MUNICIPAL HEAT AND POWER — ELECTRIC.

Credit to this account all revenues derived from municipal corporations for electric energy supplied at special heat or power rates to such corporations for the production of heat and power.

405. MISCELLANEOUS ELECTRIC REVENUE — MUNICIPAL.

Credit to this account all revenues derived from supplying electric energy to municipal corporations and not provided for in the foregoing accounts; also those from the letting of meters, motors, and other electric equipment to such corporations.

406. COMMERCIAL FLAT RATE LIGHTING.

Credit to this account all revenues derived from consumers other than municipal corporations for electric lighting at flat rates per year, per month, per night, per hour, or other time unit, or on any basis independent of the quantity of energy supplied.

407. COMMERCIAL FLAT RATE POWER.

Credit to this account all revenues derived from all consumers, except municipal, railroad, and other electrical corporations, for electric energy supplied for heat or power at special flat rates per year, per month, per night, per hour, or other time unit, or on any basis independent of the quantity of energy supplied.

408. COMMERCIAL METERED LIGHTING.

Credit to this account all revenues derived from all consumers, except municipal corporations, for measured electric energy supplied for electric lighting where the total receipt is dependent on the quantity of energy supplied.

NOTE.—Where electric energy flowing through any meter is used by any other consumer than a municipal corporation for both arc and incandescent lighting, or for arc and incandescent lighting and incidentally for power purposes such as running fans, sewing machines, etc., the revenues derived therefrom shall be credited to this account.

409. COMMERCIAL METERED POWER.

Credit to this account all revenues derived from all consumers, except municipal, railroad, and other electrical corporations, for measured electric energy supplied for heat or power at special heat or power rates, where the total receipt is dependent on the quantity of energy supplied.

410. RAILROAD CORPORATIONS.

Credit to this account all revenues derived from electric energy sold to street and other railroad corporations for the propulsion of their cars, for running their shops, and for other power, and for heating purposes. If such energy is incidentally used for lighting also, but the portion used for lighting is not separately measured, the revenue therefrom shall be included in this account.

411. OTHER ELECTRICAL CORPORATIONS.

Credit to this account all revenues derived from electric energy sold to other electrical corporations to be by them distributed over their own lines to consumers. If any portion of such energy is incidentally consumed by such corporations for their own benefit, whether for light, heat, or power, it shall

be included herein, if not separately measured, or if included under the same contract with that which is distributed by them to consumers.

421. RENT OF ELECTRIC METERS.

Credit to this account all revenues derived from the letting of electric meters to others than municipal corporations.

422. RENT OF ELECTRIC APPLIANCES.

Credit to this account all revenues derived from the letting of electric motors, fans, heating appliances, batteries, lamps, and other electric apparatus and appliances (except meters) to others than municipal corporations. Where the contract of letting names only a single consideration for both the letting and the maintenance of the appliances so let, the entire revenue shall be included in this account.

423. ELECTRIC MERCHANDISE AND JOBBING REVENUE.

Credit to this account all receipts from the sale of electric merchandise and from electric jobbing. Charge to this account the cost to the accounting corporation of electric merchandise sold, such cost including transportation charges paid on such goods.

Credit also to this account the profit or commission accruing to the corporation on all jobbing work performed by it as agent under agency contracts, whereunder it undertakes to do jobbing work for another for a stipulated profit or commission upon its actual expense for labor, materials, and supplies.

NOTE A.—In its annual reports to the Public Service Commission the reporting corporation will be required to analyze the credits and debits to this account.

NOTE B.—This account does not include receipts from the sale of superseded equipment, or of junk or other scrap or salvage.

424. SALE OF BYPRODUCTS.

Credit to this account all revenue derived from the sale of ashes, cinders, chemical waste, gas producer residuals, and other byproducts of electric operations.

425. JOINT ELECTRIC RENT REVENUE.

When any corporation engages in electric operations for the production of some of its product for the benefit of another or others under an arrangement for apportioning the expense upon the basis of the relative amounts of benefit to the several participants in the arrangement, if such arrangement provides for the receipt by the corporation of any profit or return upon its property, such profit or return upon property shall, as it accrues, be credited month by month to this account. Such profit or return must be over and above any provision for wear and tear and depreciation of plant involved in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

426. BREAK-DOWN SERVICE.

Credit to this account all revenues derived from the insurance of a supply of electric energy to a stipulated amount to concerns ordinarily producing their own or procuring it from sources other than the corporation acting as insurer.

427. OTHER MISCELLANEOUS ELECTRIC REVENUE.

Credit to this account all revenues derived from others than municipal corporations for the supply of electric energy and service and from other electric operations not includible in any of the foregoing accounts.

13. **Revenue from Outside Operations.**—The detailed revenue accounts for operations other than the above mentioned will be provided for elsewhere.

14. **Operating Expenses defined.**—By the *operating expenses* of a corporation are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of the commodities produced, and to the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived are excluded from operating expenses.

15. **Definitions of certain terms used in connection with expense accounts.**—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

16. **Definitions of Electric Operating Expense accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

GENERAL ACCOUNTS.

- I. Production Expenses.
- II. Transmission Expenses.
- III. Electric Storage Expenses.
- IV. Distribution Expenses.
- V. Utilization Expenses.
- VI. Commercial Expenses.
- VII. General and Miscellaneous Expenses.

I. PRODUCTION EXPENSES.

NOTE.—In case the accounting corporation operates two or more separate and distinct plants for the production of electric energy, it will be required to keep

(with the detail herein prescribed) separate accounts covering production at the several plants. Charges to these and other operating expense accounts must be made in such detail as to permit their analysis in accordance with the prescribed heads in all cases except the labor accounts.

E501. STATION SUPERINTENDENCE AND LABOR.

Charge to this account all matters provided for under the following heads:

STATION SUPERINTENDENCE AND CARE: This head includes salaries and personal expenses of superintendents and assistants, chemists, clerks, janitors, watchmen, elevatormen, and also that portion of the salaries and expenses of the engineering staff assignable to the generating plant.

BOILER LABOR: This head includes the cost of labor in boiler room and elsewhere in and about the premises having to do with making steam, including such labor as that of fire room engineers and assistants, water tenders, firemen, coal handlers, ash handlers, boiler cleaners, and feed-pump men.

PRODUCER LABOR: This head includes the cost of all labor in and about the premises having to do with the production of power gas.

ENGINE LABOR: This head includes the cost of labor on prime movers of all kinds, including such labor as that of chief engineers and assistants, engineers, oilers, wipers, and machinists.

ELECTRIC LABOR: This head includes the cost of all labor in connection with the electric generating apparatus and devices, beginning with the generators direct connected or belted to the prime movers, and including the switchboard, feeder terminal board, and to where the electric current leaves the station for the transmission or distribution system, including such labor as that of system operators or load dispatchers; foreman over regulators, regulators, and assistants; switchboard men, brushmen, wipers, and wiremen.

E502. FUEL FOR POWER.

Charge to this account all matters provided for under the following heads:

FUEL FOR STEAM: This head includes the cost of fuel, whether coal or oil, used under the boilers for electric generation, at the cost delivered in the bunkers or tanks; also any special expense incurred in disposing of ashes.

FUEL FOR PRODUCER GAS: This head includes the cost of fuel used for generating producer gas.

NOTE.—No portion of the cost of boiler room labor shall be charged to this account.

EC503. OTHER STATION SUPPLIES AND EXPENSES.

Charge to this account all matters provided for under the following heads:

WATER FOR STEAM POWER AND GAS: This head includes the cost of feed water and of water for condensers; also the cost of boiler compound. Water used for general station purposes is not to be included.

WATER FOR HYDRAULIC POWER: This head includes the cost of all water purchased for the purpose of operating hydraulic power plants in the electric department.

LUBRICANTS FOR POWER: This head includes the cost of lubricants for machinery in the generating station; but not oil for transformers, grease for wagons, or oil for lanterns.

PRODUCTION SUPPLIES: This head includes the cost of all supplies, tools, etc., used in the generating plant which are consumed in the operating process, the replacement of which does not constitute a repair or renewal; also

the cost of repairs of such tools. This covers such matters as waste, packing, wipers, gauge glasses, gauge washers, manhole gaskets, handhole gaskets, fire room tools, steam and air hose, bolts, screws, nails, tools, dynamo brushes, etc.

STATION EXPENSE: This head includes the general and miscellaneous expenses in the generating plant not specifically chargeable under other heads, including such matters as lighting, heating, and cleaning systems; fire protection system; janitors' supplies; ice and water; telephone and toilet services at station; and care of streets, yards, and sidings.

EC507. REPAIRS OF POWER PLANT BUILDINGS.

Charge to this account the cost of repairs of buildings and structures used for power station purposes; cost of repairs of fixtures therein; cost of maintaining walks, driveways, and grounds connected with such buildings; cost of delivering material, including freight charges, if any; and all incidental expenses connected with the maintenance of such buildings and structures.

The term "buildings and structures," in addition to embracing the buildings proper, shall be understood to include fixtures when immovable and built in as a part of the structure; permanent foundations and piers; pipes for gas, water, sewerage, and drainage; apparatus for heating, lighting, and ventilating; freight and passenger elevators with fixtures and appurtenances; platforms; appliances for protecting buildings against fires; fences, walls, sidewalks, and pavements within the limits of grounds immediately adjacent to such buildings.

NOTE.—The cost of replacement of a building or structure, when in excess of \$100, shall be treated through the appropriate capital account; when less than \$100, it may be charged directly to this account or a sub-account hereunder.

EC508. REPAIRS OF STEAM EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF FURNACES, BOILERS, AND ACCESSORIES: This head includes—

a. **REPAIRS OF FURNACES AND BOILERS:** The cost of repairing boilers and furnaces, including specially provided foundations and settings, iron smokestacks, and such matters as brick work, bridge wall, arches, jambs, grate bars, stoker bars and webs, furnaces, valves, superheaters, damper regulators, and tubes.

b. **REPAIRS OF BOILER APPARATUS:** The cost of repairing feed water, coal and ash handling systems, and auxiliary apparatus in the fire room; including such matters as feed pumps, blower engines, coal conveyor, digger, trolley and cable tower, crusher and belt links, brackets, wheels, chutes and gates; ash conveyor cars, winches, motors, buckets, shaft, chain, and wheels; filters, boiler compound injector and pump; heaters, primary and secondary; economizers and water meters.

c. **REPAIRS OF STEAM ACCESSORIES:** The cost of repairing the piping system in connection with the making of steam and delivery thereof to the prime movers; including such matters as water feed piping, cold main, hot main, water suction, valves, joints, jackets, ash pit drains and ash pocket syphons, oil drains from engine crank pits, receiving tanks, filter pumps to engine valve, steam and exhaust line systems, sewer connections, and air line.

REPAIRS OF STEAM ENGINES: This head includes—

d. **REPAIRS OF RECIPROCATING ENGINES:** The cost of repairing reciprocating steam engines used in the power plant.

e. REPAIRS OF STEAM TURBINES: The cost of repairing steam turbines used in the power plant.

f. REPAIRS OF OTHER STEAM ENGINE EQUIPMENT: The cost of repairing apparatus auxiliary to the prime movers, including such matters as condensers, packing tubes, renewing tubes, heads and doors, and miscellaneous; and pumps, air and circulating, wet vacuum, dry vacuum, and oil systems, but excluding the power conveying apparatus.

E510. REPAIRS OF HYDRAULIC POWER PLANT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF DAMS, CANALS, AND PIPE LINES: This head includes the cost of repairing hydraulic structures. Such structures include dams, embankments, etc., for impounding water, and all appurtenant gates, valves, weirs, wasteways, canals, conduits and other channels (including riprap, lining walls, etc.), pipe lines, aqueducts, and supporting trestles, etc., forebays and appurtenant sieves and grids, wasteways, etc., and all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines; also the wasteways conducting water from the outlet of the draft-tube to the point of final discharge.

REPAIRS OF TURBINES AND WATER-WHEELS: This head includes the cost of repairing wheel-gates, turbines, and other hydraulic apparatus from the inlet valve to and including the wheel governor and to the outlet of the draft-tube.

E511. REPAIRS OF GAS POWER EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF GAS PRODUCERS AND ACCESSORIES: This head includes the cost of repairing apparatus devoted to the generation of producer gas to be consumed in gas engines in the electric generating station; also the cost of repairing gas conductor and exhaust pipes and other auxiliary gas power apparatus. This covers producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfits, seals, specially provided boilers and pumps, flues and piping, blower engines, holders, etc. Power conveying apparatus is not included herein.

REPAIRS OF GAS ENGINES: This head includes the cost of repairing gas engines devoted to the production of electric energy, including inlet valves, governors, and ignition and starting apparatus.

E512. REPAIRS OF POWER PLANT ELECTRIC EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF ELECTRIC GENERATORS: This head includes the cost of repairing dynamos, alternators, and other electric generating apparatus driven by steam, water, or gas power; and rotaries and motor generating sets, exciters, etc., when not installed in connection with transmission system.

REPAIRS OF ACCESSORY ELECTRIC EQUIPMENT: This head includes the cost of repairing the electric generating apparatus not includible under the foregoing head. This covers bus-bars, regulators, station cables, station switchboards and equipment, such as circuit-breakers, switches, ammeters, voltmeters, wattmeters, etc. (and their specially provided foundations and settings), and the station terminal board; also head-gate motors, pump motors, air compressor motors, etc., and special high-tension transmission equipment at power stations, such as high-tension bus-bars, high-tension switchboards, high-tension

switches, high-tension current transformers, high-tension lightning arresters, high-tension potential transformers, high-tension reactive coils, high-tension choke coils, high-tension grounding devices and resistances, high-tension raising and lowering transformers, etc., but not wiring for lighting the station.

E513. MISCELLANEOUS STATION REPAIRS.

Charge to this account all matters provided for under the following heads:

REPAIRS OF STATION TOOLS AND IMPLEMENTS: This head includes the cost of repairing station tools and implements that have been capitalized (except fire tools, elsewhere provided for). Among the principal items under this head are blacksmiths', machinists', and pipe fitters' tools, pump room tools, engine tools, and cutting tools.

REPAIRS OF MISCELLANEOUS STATION EQUIPMENT: This head includes the cost of repairing station apparatus not includible in the foregoing repair accounts, particularly the power transmission equipment, such as shafting, belting, and clutches; motors, hoists, and cranes, etc.

E514. STEAM FROM OTHER SOURCES.

Charge to this account the cost of all purchased or jointly produced steam consumed in the power plant of the electric department.

NOTE.—In case such steam is jointly produced, i. e., produced by another person or corporation under a joint arrangement for sharing the cost of production in proportion to the benefits to the several participants, the charge to this account may include a proportion to cover depreciation of plant employed as well as the proportion of direct expense, but it must not include any allowance or return upon the cost or value of the plant. Such allowance or return upon property must be charged to account No. 922f, "Other Rent Deductions".

E515. POWER GAS FROM OTHER SOURCES.

Charge to this account the cost of all gas consumed in the gas power plants of electric generating stations, but not produced in the electric department; this includes the cost of gas produced for the corporation by another corporation under any joint arrangement for the sharing of expense (upon the basis of the relative amounts of benefit to the several participants), inclusive of provision in such expense for depreciation of plant, but exclusive of allowance for profit or return upon the value of property used in such production.

E516. ELECTRIC ENERGY FROM OTHER SOURCES.

Charge to this account the cost, at the point of delivery to the corporation, of all electric energy purchased or produced for the corporation by another corporation under any joint arrangement for the sharing of expense (upon the basis of the relative amounts of benefit to the several participants), inclusive of provision in such expense for depreciation of plant, but exclusive of allowance for profit or return upon the value of property used in such production.

II. TRANSMISSION EXPENSES.

E521a. TRANSMISSION SUBWAY RENT.

Charge to this account the rents payable accruing for ducts leased from other corporations or from a municipal corporation.

NOTE.—In case the rented subway is used for distribution as well as for transmission, the rent should be apportioned between this account and account No. E521b, "Distribution Subway Rent".

EC522a. TRANSMISSION REPAIRS.

Charge to this account all matters provided for under the following heads:

TRANSMISSION POLE AND FIXTURE REPAIRS: This head includes the cost of repairing and renewing poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the poles, towers, and other structures in position; also repairs of towers and other structures maintained primarily for supporting the overhead transmission system.

This head does not include insulators.

NOTE A.—The cost of repairing and renewing poles and fixtures which carry both transmission and distribution conductors should be apportioned between this account and account No. EC522b, "Repairs of Distribution Mains," under the head of "Distribution Pole and Fixture Repairs".

NOTE B.—The cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction shall, when the individual costs of the same equal or exceed \$100, be treated through the appropriate capital accounts. When the individual cost is less than \$100, the replacement may be charged directly to this account, under this head.

TRANSMISSION UNDERGROUND CONDUIT REPAIRS: This head includes the cost of patrolling and inspecting as well as repairing transmission underground conduits, including renewing ducts and pipes, enlarging and repairing manholes, re-paving streets over such structures, etc. This head does not include any repairs of conductors or of the insulation thereof.

NOTE.—The cost of maintaining underground conduits which carry both transmission and distribution conductors should be apportioned between this account and account No. EC522b, "Repairs of Distribution Mains," under the head of "Distribution Underground Conduit Repairs".

OVERHEAD TRANSMISSION SYSTEM REPAIRS: This head includes the cost of repairing and maintaining overhead trunk lines between generating and sub-stations, including patrolling and testing, and all repairs.

UNDERGROUND TRANSMISSION SYSTEM REPAIRS: This head includes the cost of inspecting and repairing underground transmission cables.

NOTE A.—This head does not include the cost of repairing poles and fixtures, for which see the foregoing head, "Transmission Pole and Fixture Repairs".

NOTE B.—When the electric current generated (or received from another corporation) is conducted, either at the voltage of generation (or receipt) or at a higher voltage, to a point where it is (a) lowered in voltage by means of step-down transformers, or changed as to kind or frequency by means of (b) motor generator sets, (c) rotary converters, or (d) frequency changers, that portion of the outside line or conductor system antecedent to the said stepdown transformers, motor generator sets, rotary converters, or frequency changers, shall be classed as the Transmission System; except, however, that primary wiring in lighting systems at not to exceed 4,400 volts, 4-wire, 3-phase, shall be classed as a part of the Distribution System. Tie-lines between generating stations and sub-stations shall follow the same rule. Line transformers are not included among the "stepdown transformers" above mentioned.

EC525. SUB-STATION LABOR, SUPPLIES, AND EXPENSES.

Charge to this account all matters provided for under the following heads:

SUB-STATION LABOR: This head includes the cost of all labor employed in superintending and operating sub-stations, including not only that of regulators, brushmen, and others engaged in operating the electric apparatus, but also that of clerks, janitors, watchmen, etc.

SUB-STATION SUPPLIES AND EXPENSES: This head includes the cost of supplies consumed and expenses incurred in connection with the operation of sub-stations, such as telephone rents, light, heat, etc.

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E527. REPAIRS OF SUB-STATION BUILDINGS.

Charge to this account the cost of repairing sub-station buildings and permanent fixtures therein, including grounds and adjacent streets, vaults, sheds, pits, sidewalks, etc.

E528. REPAIRS OF SUB-STATION EQUIPMENT.

Charge to this account the cost of repairing apparatus in sub-stations, including sub-station cables, switchboards and instruments, station terminal board, etc.

NOTE.—This account should not include the cost of repairing any storage battery equipment, for which see account No. E529, "Electric Storage Expenses," under the head of "Repairs of Storage Battery Accessories".

III. ELECTRIC STORAGE EXPENSES.

E529. ELECTRIC STORAGE EXPENSES.

Charge to this account all matters provided for under the following heads:

STORAGE BATTERY LABOR: This head includes the salaries and personal expenses of superintendent, clerks, and battery men, including inspectors and testers.

STORAGE BATTERY SUPPLIES: This head includes the cost of acid and distilled water in cells, soda, sponges, brooms, mops, waste, rags, hydrometers, thermometers, automatic cell fillers, rubber hose, gloves, shoes, paint, etc., and brushes for boosters and compensators.

STORAGE BATTERY RENEWALS: This head includes the cost of renewing worn-out cells, including diaphragms, negative and positive plates, lead in strip, spelter, pails, candles, dry boards, tank bands, sheet lead, glass plates, glass covers, hydrogen generators, jumpers, clamps, lampblack, etc.

REPAIRS OF STORAGE BATTERY ACCESSORIES: This head includes the cost of repairing tanks, battery room floor, switches, regulating apparatus, boosters, and compensators.

IV. DISTRIBUTION EXPENSES.

E531. ELECTRIC DISTRIBUTION OFFICE AND SUPERINTENDENCE.

Charge to this account all matters provided for under the following heads:

ELECTRIC DISTRIBUTION SUPERINTENDENCE: This head includes the salaries and personal expenses of superintendents and clerks, and also that portion of the salaries of the engineering staff of the company which is assignable to distribution.

ELECTRIC DISTRIBUTION RECORDS AND OFFICE EXPENSE: This head includes —

a. **ELECTRIC DISTRIBUTION MAPS AND RECORDS:** The cost of maps and records of overhead and underground lines, including salaries and personal expenses of mappers and draftsmen, cost of drawing material, etc.

b. **ELECTRIC DISTRIBUTION OFFICE EXPENSE:** The cost of all other supplies and expenses of the office of the superintendent of the distribution department.

E533. SETTING AND REMOVING METERS AND TRANSFORMERS.

Charge to this account the cost of all supplies consumed and all expenses incurred in connection with the operation of service transformers and consumers' meters. This includes such matters as setting and removing such transformers and meters, connecting and disconnecting services, and the like.

NOTE.—In case it is the policy of the accounting corporation to charge the cost of the first setting of consumers' meters to capital, such charge should be made to account No. E167b, "Electric Meter Installation".

E521b. DISTRIBUTION SUBWAY RENT.

Charge to this account the rents payable accruing for underground conduits used for distribution conductors.

NOTE.—In case the rented subway is used for transmission as well as for distribution, the rent should be apportioned between this account and account No. E521a, "Transmission Subway Rent".

EC522b. REPAIRS OF DISTRIBUTION MAINS.

Charge to this account all matters provided for under the following heads:

DISTRIBUTION POLE AND FIXTURE REPAIRS: This head includes the cost of repairing and renewing poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the poles, towers, and other structures in position; also repairs of towers and other structures maintained primarily for supporting the overhead distribution system.

This head does not include insulators.

NOTE A.—The cost of repairing poles and fixtures that carry both transmission and distribution conductors should be apportioned between this account and account No. EC522a, "Transmission Repairs," under the head of "Transmission Pole and Fixture Repairs".

NOTE B.—The cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction shall, when the individual costs of the same equal or exceed \$100, be treated through the appropriate capital accounts. When the individual cost is less than \$100, the replacement may be charged directly to this account.

DISTRIBUTION UNDERGROUND CONDUIT REPAIRS: This head includes the cost of maintaining subways and underground conduits, including repairs of the tube, of manholes, of paving over such subways and of all ducts and conduits, but not any repairs of conductors or of the insulation thereof.

NOTE.—The cost of maintaining (including patrolling and inspecting) underground conduits and subways which carry both transmission and distribution conductors should be apportioned between this account and account No. EC522a, "Transmission Repairs," under the head of "Transmission Underground Conduit Repairs".

OVERHEAD DISTRIBUTION SYSTEM REPAIRS: This head includes the cost of patrolling, testing, and repairing the overhead conductors in the distribution system.

EDISON TUBE SYSTEM REPAIRS: This head includes the cost of inspecting, testing, and repairing the Edison tube system, including junction boxes, tubing and conductors, coupling boxes, etc.

OTHER UNDERGROUND DISTRIBUTION SYSTEM REPAIRS: This head includes the salaries and expenses of patrolmen, testers, etc., as well as the cost of repairing damaged subway distribution conductors.

E535a. REPAIRS OF ELECTRIC SERVICES.

Charge to this account the cost of repairing underground and overhead services leading from the mains to the consumers' premises.

E535b. REPAIRS OF TRANSFORMERS.

Charge to this account the cost of labor and material consumed in maintaining transformers, including renewing oil, re-painting, re-winding, removing and replacing; also repairs of such switches and cut-outs as are the property of the corporation on consumers' premises.

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E536. ELECTRIC METER OPERATION AND REPAIRS.

Charge to this account all matters provided for under the following heads:

ELECTRIC METER OPERATION: This head includes the salaries and expenses of superintendents and clerks in the meter bureau, and also that portion of the salaries of the engineering staff of the corporation assignable to this account; also the cost of light, heat, ice, water, and other supplies and expenses in connection with the meter-testing bureau; and the cost of testing meters on consumers' premises or in meter shops.

ELECTRIC METER REPAIRS: This head includes the cost of repairing meters in the distribution service, including new parts, new jewels, cleaning, and painting.

V. UTILIZATION EXPENSES.

541. COMMERCIAL ARC OPERATION.

Charge to this account all matters provided for under the following heads:

COMMERCIAL ARC LABOR: This head includes the cost of labor employed in trimming and inspecting arc lamps on private consumers' premises and in municipal buildings.

COMMERCIAL ARC SUPPLIES: This head includes the cost of all supplies (such as carbons, globes, etc.) for arc lamps on private consumers' premises and in municipal buildings.

542. COMMERCIAL ARC REPAIRS.

Charge to this account the cost of keeping in repair private consumers' arc lamps and those in municipal buildings; including such matters as setting and removing lamps, repairing parts, changing for repairs and adjustment, and testing during adjustment and after repairs.

543. COMMERCIAL INCANDESCENT OPERATION.

Charge to this account all matters provided for under the following heads:

COMMERCIAL INCANDESCENT INSTALLATION: This head includes the cost of the first installation of incandescent lamps on consumers' premises (including cartage and delivery expenses) unless consumer is charged for the first installation, or unless it is proper to charge such first installation to capital. (See account No. E173, "Glowing Lamps.")

COMMERCIAL INCANDESCENT RENEWALS: This head includes the cost of renewing incandescent lamps on consumers' premises (including cartage and delivery expense) and cost of photometering incandescent lamps. Credit to this account under this head any rebate received for the return of stubs, or allowances relating thereto.

544. CONSUMERS' INSTALLATION EXPENSES.

Charge to this account all matters provided for under the following heads:

INSPECTION OF CONSUMERS' PREMISES: This head includes the cost of inspection of consumers' premises, including such matters as the charge for municipal certificates, charge for Board of Fire Underwriters' inspection certificates, and that portion of the salaries and expenses of the engineering staff or of other departments than the distribution department engaged in technical work properly assignable to this account.

REPAIRS OF CONSUMERS' INSTALLATIONS: This head includes the cost of all labor and material furnished to consumers for inside work without special

charge, including such matters as attention to complaints or to improving the character of service, replacing or repairing wiring fixtures or electric appliances, moving appliances from place to place in houses and re-connecting the same, etc.

545. MUNICIPAL STREET ARC OPERATION.

Charge to this account all matters provided for under the following heads:

MUNICIPAL STREET ARC LABOR: This head includes the cost of labor employed in trimming and inspecting the arc lamps of the municipal street lighting system.

MUNICIPAL STREET ARC SUPPLIES: This head includes the cost of carbons, globes, etc., for the arc lamps of the municipal street lighting system.

546. MUNICIPAL STREET ARC REPAIRS.

Charge to this account the cost of changing location of lamp posts, changing lamps for repairs and adjustments, renewals, repairs of mast arms, hangers, poles, ropes, etc., and painting poles; also that portion of the arc lamp shop expense assignable thereto.

547. MUNICIPAL STREET INCANDESCENT OPERATION.

Charge to this account all matters provided for under the following heads:

MUNICIPAL STREET INCANDESCENT INSTALLATION: This head includes the cost of the first installation of incandescent lamps in the municipal street lighting system, unless it is paid by the municipal corporation, or the lamps are of such character that it is proper to charge to capital. (See account No. E173, "Glowing Lamps.")

MUNICIPAL STREET INCANDESCENT RENEWALS: This head includes the cost of renewing incandescent lamps in the municipal street lighting system.

548. MUNICIPAL STREET INCANDESCENT REPAIRS.

Charge to this account the cost of repairing municipal incandescent street lamps and fixtures.

NOTE.—This does not include items chargeable to maintenance of poles and their fixtures, or of subways, or conductors.

VI. COMMERCIAL EXPENSES.

E551. COMMERCIAL ADMINISTRATION — ELECTRIC.

Charge to this account the following matters:

a. *Commercial Department Indexing:* This covers the cost of indexing meters, including indexers' lamps.

b. *Commercial Department Collecting:* This covers the expense of the collection bureau, including collectors' salaries or commissions, badges, car fares, and delivering bills.

c. *Commercial Department Contracts:* This covers such part of the cost of the contract department as is not assignable to the Promotion Office, including attention to bill questions.

d. *Commercial Department Accounting:* This covers the cost of keeping the accounts of consumers, being a proportion of the salaries and expenses of general officer and assistants in charge of the commercial department, and salaries of bookkeepers and all clerks in the accounting department having to do with consumers' accounts.

e. *Commercial Department Miscellaneous:* This covers all expenses incurred in selling electric power and products, in determining the amount

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of such sales, in making collections, and in keeping account of such sales and collections as are not includible in the accounts of the indexing, accounting, collection, and contract divisions, or in the following accounts for promotion expenses.

EC552. PROMOTION EXPENSES — ELECTRIC.

Charge to this account all matters provided for under the following heads:

PROMOTION OFFICE EXPENSE — ELECTRIC: This head covers —

a. *Promotion Management:* The cost of administration of the department maintained for the promotion or development of electric consumption, including that portion of the salaries and expenses of management and clerks in agency and contract departments assignable to new business.

b. *Demonstrations:* The cost of labor expended and expenses incurred in demonstrating the use of electric lamps and appliances for the purpose of obtaining new business.

c. *Other Promotion Office Expense:* The office expenses of the promotion or new business department.

ADVERTISING — ELECTRIC: This head covers —

a. *Advertising Salaries and Expenses:* The salaries and personal expenses of the advertising manager and clerks.

b. *Advertising Sundries:* The cost of commercial advertising sundries, including booklets, dodgers, newspaper advertisements, posters, bulletins, and all related items.

CANVASSING AND SOLICITING — ELECTRIC: This head includes all expenses incurred in soliciting new business, including wages, commissions, and personal expenses of canvassers, cost of preparing estimates, engineering advice on wiring, etc., and office sundries in connection therewith.

PROMOTION WIRING AND DEVICES: This head covers —

a. *Promotion Wiring:* The cost of wiring in consumers' premises furnished without special charge in order to induce new business.

b. *Promotion Signs and Devices:* The cost of electric signs and other devices (including delivery and connection charges, and expenses in connection therewith) supplied to consumers without special charge in order to develop new business.

VII. GENERAL AND MISCELLANEOUS EXPENSES.

ES31. GENERAL ADMINISTRATION.

Charge to this account all matters provided for under the following heads:

SALARIES AND EXPENSES OF GENERAL OFFICERS: This head includes the salaries and traveling and incidental expenses of the chairman of the board, president, vice-president, treasurer, secretary, comptroller, general auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system and whose services can not be satisfactorily allocated to the several departments; also fees, salaries, and expenses of receivers.

SALARIES AND EXPENSES OF GENERAL OFFICE CLERKS: This head includes the salaries and traveling and incidental expenses of general office auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, and all other clerks employed in the general office.

NOTE.—Cost of labor of clerks in the commercial department shall be charged to account No. E551, "Commercial Administration — Electric".

GENERAL OFFICE SUPPLIES AND EXPENSES: This head includes the cost of office supplies, repairs of office furniture, and renewals of such furniture as has not been capitalized; wages of janitors, porters, and messengers; rent of rooms in office buildings, repairs of such rented rooms, and all other miscellaneous expenses of general offices. Office expenses of departmental officers must be charged to the proper departmental accounts.

NOTE.—Rents charged to this account will be required to be reported separately.

GENERAL LAW EXPENSES: This head includes all law expenses except those incurred in the defense and settlement of damage claims, including salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work, should be properly apportioned between this account and account No. E847, "Injuries to Persons and Property," under the head of "Law Expenses Connected with Damages".

MISCELLANEOUS GENERAL EXPENSES: This head includes the cost of telephone service, telegrams, and other miscellaneous expenses (including all expense specially incurred in connection with the utilization and sale of byproducts, such as battery and other chemical waste, etc.) connected with the general management not otherwise provided for.

E838. INSURANCE.

Charge to this account premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

NOTE.—In their reports to the Public Service Commission corporations will be required to report the charges made to this account for the various kinds of insurance, and for self-insurance.

E839. RELIEF DEPARTMENT AND PENSIONS.

Charge to this account all matters provided for under the following heads:

RELIEF DEPARTMENT EXPENSES: This head includes all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

PENSIONS: This head includes all pensions paid to retired employees, and expenses in connection therewith.

E840. ELECTRIC FRANCHISE REQUIREMENTS.

Charge to this account the cost of all energy and materials and supplies furnished to municipal corporations in compliance with franchise requirements and for which no payment is received by the corporation; also of all direct expense, such as paving and other like matters, incurred in compliance with such requirements and for which no reimbursement is received by the corporation. Amounts charged to this account for which there is no direct money outlay shall be credited to the below provided account, No. EC852, "Miscellaneous Adjustments—Balance," under the head of "Duplicate Electric Charges—Cr."

E842. GENERAL AMORTIZATION — ELECTRIC.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the month in the tangible electric capital of the corporation, such portion of the life of intangible fixed capital as has expired or been consumed during the month, and the amount estimated to be necessary to provide a reserve to cover the cost of property destroyed by extraordinary casualties; less the amounts charged for that month to the various repair accounts in Electric Operating Expenses. The amount charged (or credited) to this account shall be concurrently credited (or charged) to the reserve account No. 374, "Accrued Amortization of Capital".

NORM A.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of kilowatt-hours sold. Amortization of intangible capital shall likewise be based on rule. Whatever may be its basis, such rules and a sworn statement of the facts and expert opinions and estimates upon which they are based shall be filed with the Public Service Commission on or before February 1, 1909; each amendment of any such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Amortization of Capital".

NORM B.—When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. E100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the reserve account, "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit". Where capital is substantially continuous and can not be satisfactorily individualized, it shall be kept in efficient operating condition through repair, and the renewals and replacements of parts thereof shall be considered repairs. In the case of buildings, towers, bridges, trestles, and other separate structures capable of being readily individualized, charges to this account must be sufficient to provide (in respect of such capital and except as provided in account No. E100, "Fixed Capital, December 31, 1908,") in the account "Accrued Amortization of Capital" by the time such structures go out of service a reserve equal to the original money cost thereof, less salvage, to which account such original cost, less salvage, shall be charged.

E847. INJURIES TO PERSONS AND PROPERTY.

Charge to this account all matters provided for under the following heads:

ACCIDENTS AND DAMAGES: This head includes all expenses (other than law expenses provided for under the succeeding head) on account of persons killed or injured and property damaged in connection with the operation of the plant, as below classified; these classes must be separately shown in annual reports to the Public Service Commission:

a. *Claim Department Expense:* Salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

b. *Medical Expenses:* Salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

c. Injuries to Employees: Amounts paid in settlement of claims of employees for injuries arising in the course of their employment; also wages paid to disabled employees while off duty.

d. Other Personal Injuries and Property Damage: Amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the plant; also amounts paid in settlement of claims for damage to property not owned by the accounting corporation.

e. Other Accident Expenses.

NOTE.—If it is desired that the charge to operating expenses on account of injuries and damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 881, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

LAW EXPENSES CONNECTED WITH DAMAGES: This head includes all law expenses in connection with the defense or settlement of damage claims, including—

f. Salaries and Expenses of Attorneys: A proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work.

g. Court Costs and Expenses: Fees of court stenographers, expenses connected with taking depositions, and other court expenses.

h. Law Printing: Cost of law books, and cost of printing briefs, court records, and similar papers.

NOTE A.—In their annual reports to the Public Service Commission, corporations will be required to classify these matters under the three heads (f), (g) and (h), above given.

NOTE B.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account No. E831, "General Administration," under the head of "General Law Expenses".

NOTE C.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 881, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

E848. GENERAL STATIONERY AND PRINTING.

Charge to this account all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing briefs and other legal papers shall be charged to account No. E831, "General Administration" (under the head of "General Law Expenses"), or No. E847, "Injuries to Persons and Property" (under the head of "Law Expenses Connected with Damages"), in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter shall be charged to account No. EC552, "Promotion Expenses—Electric," under the head of "Advertising".

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized, shall, if for use in general offices, be charged to account No. E831, "General Administration" (under the head of "General Office Supplies and Expenses"); or if for the use of departmental offices, to the proper departmental accounts.

E849. STORE AND STABLE EXPENSES.

Charge to this account all matters provided for under the following heads:

STORE EXPENSES: This head includes all salaries and expenses in connection with storerooms, including cost of sending material and supplies from general storerooms to branch storerooms, and the collection of scrap material.

STABLE EXPENSES: This head includes the cost of feed, keep, and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses; also the cost of repairing harness and vehicles.

NOTE.—The cost of horses purchased to replace others should be charged to account No. E122, "General Equipment".

EC852. MISCELLANEOUS ADJUSTMENTS — BALANCE.

INVENTORY ADJUSTMENTS — BALANCE: At least once a year an inventory of materials and supplies shall be taken, and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account under this head in case it can not be assigned to a specific account.

DISCOUNTS ON MATERIALS AND SUPPLIES — Cr: Credit to this account under this head all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NOTE.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to account No. E285, "Miscellaneous Construction Expenditures".

DUPLICATE ELECTRIC CHARGES — Cr.: Credit to this account under this head all charges made to any accounts in electric operating expenses in respect of any electric power or other product of electric operations of the corporation consumed therein.

ELECTRIC EXPENSES TRANSFERRED — Cr.: Credit to this account under this head the proportion of operating expenses (including depreciation and other amortization as well as repairs) chargeable to other coördinate departments (such as gas or street railroad) within the same corporation, but defrayed in the first instance by the electric department.

NOTE.—Do not credit to this account any allowance in the nature of rent or return upon the cost or value of property.

JOINT OPERATING EXPENSE — Cr.: When any plant or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the operating expenses, the portion of such expenses chargeable to others under the arrangement shall be credited to this account under this head. The portion so credited must not include any allowance for profit or return upon the value of such property.

NOTE A.—The foregoing should be read in connection with the definition of revenue account No. 425, "Joint Electric Rent Revenue".

NOTE B.—In the case of the production of power part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to the appropriate revenue account covering the sale of power. (See accounts Nos. 404, 407, 409, 410, and 411.)

17. Expenses of Outside Operations.—The detailed expense accounts for other than electric operations will be elsewhere provided for.

18. Tax accounts.—An account shall be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account shall be appropriately entitled (as *e. g.*, "Taxes Assignable to Electric Operations," "Taxes Assignable to Non-operating Revenues," etc.), and shall be so kept as to show separately the following:

State Franchise Tax on Capital Stock,
State Franchise Tax on Gross Earnings,
Special Franchise Tax,
Taxes on Land (exclusive of improvements),
Taxes on Improvements on Lands,
Taxes on Personal Property,
Other Taxes (showing in detail).

To each tax account there shall be charged monthly the amount of taxes accruing during the month, and such amount shall be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any month shall, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter shall be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be \$600 for the year, the monthly charge on account of such tax should be \$50 until the amount of the levy becomes known. If during, say the fifth month, it is found that the levy for the year is \$640, there will already have been charged up four months at \$50 per month, leaving \$440 to be charged during the remainder of the year, or \$55 for the fifth month and each month thereafter during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Public Service Commission.

19. Uncollectible Bills.—For uncollectible electric bills the following account is provided:

E870. UNCOLLECTIBLE ELECTRIC BILLS.

When, after a reasonably diligent effort to collect, any account stated for electric energy sold has proved impracticable of collection, it shall be charged to this account and credited to the account receivable in which theretofore charged.

20. Definitions of Non-operating Revenue accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

E901a. RENT ACCRUED FROM LEASE OF ELECTRIC PLANT.

Credit to this account monthly as they accrue all revenues flowing to the corporation from its interests in electric plant or equipment held by others under some form of lease whereby it surrenders possession of such property. This account contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its

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assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

E901d. MISCELLANEOUS RENT REVENUES.

Credit to this account monthly as they accrue all miscellaneous rent revenues flowing to the corporation as a return upon leased property other than electric plant and equipment. Such revenues shall be classified as follows:

Leasehold Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease the entire term of which is greater than one year. This contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

Other Rent Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease or contract for a term not to exceed one year from the beginning of the term, or held at will or upon sufferance. This account contemplates that the taxes on property of this character shall be paid by the landlord and charged to the appropriate tax account. If under the contract covering the holding for terms of one year or less, or at will, the taxes are to be paid by the tenant, the amount of such taxes shall be credited month by month to this account as they accrue, and shall correspondingly be charged to the tax account covering taxes on property of this character.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

E902. INTEREST REVENUES.

Credit to this account monthly as it accrues all—

Interest from Bound Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing bound investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Free Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Other Sources: That is to say, all interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the two foregoing heads, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

E903. DIVIDEND REVENUES.

Credit to this account at their cash value and as of the date when collectible, all—

Dividends on Bound Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its bound investments.

Dividends on Free Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its free investments.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

E904. PROFITS FROM OPERATIONS OF OTHERS.

Whenever, in accordance with the terms of any contract, the corporation is entitled to participate in the profits resulting from the operations of others, all revenues accruing to the corporation from such source shall be credited to this account.

NOTE.—This account does not include any dividends on stocks. Such dividends should be credited to account No. E903, "Dividend Revenues".

E905. MISCELLANEOUS NON-OPERATING REVENUES.

To this account shall be credited all non-operating revenues accruing to the corporation and not provided for in any of the foregoing accounts.

21. Definition of Non-operating Revenue Deductions account.—To an account entitled "Non-operating Revenue Deductions" shall be charged all matters provided for under the following sub-accounts:

a. RENT EXPENSE: This sub-account includes all matters provided for under the following two heads:

Leasehold Expense: That is to say, all expense arising in connection with the procuring of revenues from leaseholds having terms greater than one year, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such leaseholds. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This head includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as reparable wear and tear. It does not include taxes.

Other Rent Expense: This head is analogous to the preceding head "Leasehold Expense," and differs from that only in that this provides for expense in connection with property let for a term of one year or less.

b. INTEREST EXPENSE: This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

c. DIVIDEND EXPENSE: This sub-account includes all expense arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

d. OTHERS' OPERATIONS EXPENSE: This sub-account includes the cost of negotiating contracts whereunder the corporation is to participate in profits resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

e. MISCELLANEOUS NON-OPERATING EXPENSE: This sub-account includes all non-operating expense (as hereinbefore defined) which is not provided for in the foregoing sub-accounts.

f. NON-OPERATING TAXES: This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

g. UNCOLLECTIBLE NON-OPERATING REVENUES: When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof shall be credited to the account in which theretofore charged, and charged to the account "Non-operating Revenue Deductions" under the head of "Uncollectible Non-operating Revenues".

NORM.—In annual reports of corporations to the Public Service Commission this account will be required to be fully analyzed.

22. Income Deductions.—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by the operating expenses, the taxes, and the uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly for the non-operating revenues, the non-operating expenses, and the non-operating taxes.

The aggregate of the incomes from the several operations and the non-operating income is the gross income applicable to corporate and leased properties. As has before been said, the gross income is, in the usual case, subject to various compulsory deductions, and these are hereinafter called *Income Deductions*.

23. Definitions of Income Deduction accounts.—In the following definitions the letters and numbers prefixed to the titles of the several accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

921. INTEREST DEDUCTIONS.

Charge to this account monthly (or as otherwise below directed) all matters provided for under the following five heads:

Absolute Interest Accrued on Funded Debt: This head includes all interest accruing absolutely on the outstanding funded debt of the corporation.

Contingent Interest Accrued on Funded Debt: This head includes when the contingency occurs all interest accruing contingently on the outstanding funded debt of the corporation. This includes such matters as interest on income bonds.

Interest Accrued on Receiver's Certificates: This head includes all interest accruing on receiver's certificates which are liens upon the property of the corporation or any part of it.

Interest Accrued on Other Unfunded Debt: This head includes all interest accruing on all unfunded debt of the corporation except receiver's certificates.

Interest Accrued on Debenture Stocks: This head includes all interest accruing on the outstanding debenture stocks of the corporation.

Entries in the account "Interest Deductions" must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

922a. RENT FOR LEASE OF OTHER ELECTRIC PLANT.

Charge to this account monthly all amounts accrued against the accounting corporation for rent of electric plant and equipment which it holds under

some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such plant and equipment shall not be charged to this account but to the appropriate Taxes account. If such taxes are (under the contract of lease) payable by the lessor or reversioner, they shall be credited to this account and charged to the appropriate Taxes account. Such taxes, when paid by the lessor or reversioner, shall be charged to its rent revenue account and not to its Taxes account, to the end that taxes upon such plant and equipment shall be reported by the corporation in possession.

922. OTHER RENT DEDUCTIONS.

Charge to this account the matters provided for in the following sub-accounts:

f. JOINT FACILITY RENTS: Where any plant or equipment is maintained or operated by another corporation for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such plant or equipment over and above depreciation and other expense of maintenance and operation, such pure rent, or profit, or return upon property shall be charged to this sub-account.

NOTE.—This should be read in connection with revenue account No. 425, "Joint Electric Rent Revenue".

g. MISCELLANEOUS RENT DEDUCTIONS: This sub-account includes all miscellaneous rents payable not elsewhere provided for.

NOTE A.—Rents for furnished offices (and for office rooms in office buildings heated and lighted by the landlord) should not be charged to this account, but to the appropriate expense account.

NOTE B.—Entries in this account must be made in such wise as to permit an analysis in the annual report of the corporation in accordance with the sub-accounts above defined.

923. SINKING FUND ACCRUALS.

Charge to this account month by month all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

924. GUARANTIES OF PERIODIC PAYMENTS.

Charge to this account all unsecured accruals of obligations arising under contracts whereby the corporation has guaranteed the *annual or more frequent periodic* payment of money or performance of other obligation on the part of another corporation or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This account does not include such matters as guaranties of payment of principal of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the *unsecured portion* thereof shall be charged to this account.

925. LOSS ON OPERATIONS OF OTHERS.

Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged to this account.

926. OTHER CONTRACTUAL DEDUCTIONS FROM INCOME.

Charge to this account month by month all contractual liabilities arising from annual or other more frequent periodic matters and not includible in any of the foregoing accounts. This account includes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

927. AMORTIZATION OF LANDED CAPITAL.

Charge to this account at the close of any fiscal period such portion of the original money cost (estimated if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account shall be concurrently credited to account No. 874, "Accrued Amortization of Capital".

NOTE B.—When any landed capital expires or is otherwise retired from service (as *e. g.*, through sale), the capital account or other indicant account (if any, originally charged therewith shall be credited with the amount originally charged, the account "Accrued Amortization of Capital" shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

928. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE.

Charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to account No. 939, "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

929. AMORTIZATION OF PREMIUM ON DEBT — CR.

Credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium at which such debt was issued. Such amortization may at the option of the corporation be effected by crediting all or any portion of such premium to account No. 931b, "Other Additions to Surplus," only upon the maturity of the debt.

24. Appropriations.—The balance resulting from closing the foregoing Income Deduction accounts for any fiscal period into Gross Income for that period gives the Net Corporate Income for the period. The net corporate income being of the same nature as the corporate surplus shall be closed into the "Corporate Surplus or Deficit" account. The group of accounts which

show for any fiscal period the changes in the "Corporate Surplus or Deficit" account are designated the "Appropriation" accounts, for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period each of the "Appropriation" accounts shall be closed into the "Corporate Surplus or Deficit" account.

25. Definitions of Appropriation accounts.—In the following definitions of the Appropriation accounts the letters and numbers prefixed to the titles of the accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

931a. BAD DEBTS COLLECTED.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

931b. OTHER ADDITIONS TO SURPLUS.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

932. EXPENSES ELSEWHERE UNPROVIDED FOR.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc., fines levied on directors, officers, and other employees and assumed by the corporation, donations to funds, to churches and other associations, and other like expenses and outgoes.

933. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall thereupon be charged to this account. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

934. AMORTIZATION ELSEWHERE UNPROVIDED FOR.

Charge to this account such amortization as is not elsewhere provided for. This account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

935. APPROPRIATIONS TO RESERVES.

Charge to this account all optional appropriations to reserves.

936. GIFTS TO CONTROLLED CORPORATIONS.

Charge to this account all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

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937. OTHER APPROPRIATIONS.

Charge to this account all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

938. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as have been provided for in the heretofore defined "Uncollectible Bills" accounts must not be included in this account.

939. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

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UNIFORM SYSTEM OF ACCOUNTS

AS ESTABLISHED FOR ELECTRICAL CORPORATIONS WITH ANNUAL
GROSS OPERATING REVENUES BELOW \$25,000.

ADOPTED DECEMBER 18, 1908; EFFECTIVE JANUARY 1, 1909.

STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION, SECOND DISTRICT.
At a session of the Public Service Commission, Second
District, held at the Capitol, Albany, on the 18th
day of December, 1908.

Present:

FRANK W. STEVENS, Chairman,
THOMAS M. OSBORNE,
MARTIN S. DECKER,
JAMES E. SAGUE,
JOHN B. OLMSTED,
Commissioners.

Ordered: That, except as hereinafter provided:

1. On and after January 1, 1909, every electrical corporation whose revenues from electric operations as defined in the hereto annexed schedule marked "Schedule A" were, during the year ended June 30, 1907, below the sum of twenty-five thousand dollars (\$25,000), and every electrical corporation not engaged in operation, shall keep upon its books the accounts prescribed or defined in the said "Schedule A", so far as the said accounts are pertinent to the facts and circumstances of the said corporation. The term electrical corporation is used herein in the sense defined in the Public Service Commissions Law.

2. On and after the date of service of this order on any such electrical corporation, such corporation shall not charge to any account representing cost of property any discount or commission on securities issued by the said corporation, but shall charge all such discounts, commissions, and other expense connected with the issue of securities subsequent to the said date of service, in accordance with the directions contained in the definitions of the account named Organization, and the account named Unamortized Debt Discount and Expense, in the said "Schedule A".

3. On and after January 1, 1909, every such electrical corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule B", so far as the same are pertinent to the facts and circumstances of the said corporation.

4. During the year beginning January 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun January 1, 1908; provided that on or before January 1, 1909, there be filed with the Public Service Commission a statement containing a list of the said accounts pertaining to the year begun January 1, 1908, and definitions of such accounts.

5. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary,

experimental, or divisional account, the said corporation shall file with the Public Service Commission, at least ten days in advance of the time when the said account is to be instituted, a statement showing the name of the said account, the date when it is to be instituted, the purpose for which it is to be kept, the period of time during which it is to be kept, and a clear and accurate definition of the classes of items and facts to be contained in the said account; and in case of a divisional account, the definition of the division covered. Upon compliance with the provisions of this paragraph, any account herein prescribed or defined in either said "Schedule A" or said "Schedule B" may be subdivided.

6. All notices herein required to be filed concerning accounts shall be upon sheets 9½ inches by 12 inches in size, and shall be entitled in the name of the corporation filing said notices, followed by a brief statement of the character of the accounts covered by the notice.

SCHEDULE A.

BALANCE SHEET OR INDICANT ACCOUNTS.

1. **Electrical Corporations and Electric Operations defined.**—Section 2 of the Public Service Commissions Law defines *electrical corporation* as follows:

§ 2. . . . The term "electrical corporation" . . . includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever (other than a railroad or street railroad corporation generating electricity for its own use exclusively), owning, operating, managing or controlling any plant or property for generating and distributing, or generating and selling for distribution, or distributing electricity for light, heat or power or for the transmission of electric current for such purposes.

Electric operations, as the term is hereinafter used, include all acts and transactions directly connected with the operation of a plant for the production of electric energy, the transmission thereof and the supply thereof to consumers for light, heat, or power, and all operations incident thereto, including the collection of revenues therefor and the disposition of byproducts produced in connection therewith.

2. **Accounts to be kept by double-entry method.**—All accounts kept by any corporation or person within the scope of the present order shall on and after January 1, 1909, be kept by the double-entry method.

NOTE.—This requirement is not intended to apply to purely statistical accounts.

CAPITAL ACCOUNTS.

3. **Capital defined.**—As the term is used herein, by *capital* of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. **Fixed Capital defined.**—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen¹) is called *fixed capital*.

5. **Floating Capital defined.**—Capital other than fixed capital is called *floating capital*.

6. **General Capital and Departmental Capital defined.**—Fixed capital is divisible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the use of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

¹Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

7. **Landed Capital and Non-landed Capital defined.**—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called *non-landed capital*.

8. **Intangible and Tangible Capital distinguished.**—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible property within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses.¹

9. **Further Classification of Capital.**—Capital is also divisible into *original capital*, *additions*, *betterments*, and *renewals* and *replacements*, as defined below. Charges to capital accounts shall show these divisions as set forth in paragraph 21, *infra*.

10. **Original Capital defined.**—*Original Capital* is that put into service at the outset of an enterprise.

11. **Additions defined.**—*Additions* include additional structures, facilities, or equipment not taking the place of anything previously existing.

12. **Betterments defined.**—*Betterments* include the enlargement or improvement of existing structures, facilities, and equipment.

13. **Renewals defined.**—*Renewals* include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. **Replacements defined.**—*Replacements* include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When a substitute has a substantially greater capacity than that for which it is substituted, the cost of substitution of one of the same capacity as the thing replaced should be charged as a replacement, and the remaining portion of the cost of the actual substitute should be charged as a betterment.

15. **Repairs defined.**—When through wear and tear or through casualty it becomes necessary to replace some part of any structure, facility, or unit of equipment, and the extent of such replacement does not amount to a substantial change of identity in such structure, facility, or unit of equipment, the replacement of such part is to be considered a repair, and the cost of such repair is to be treated as an operating expense and must not be charged as a replacement in any capital account.

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

16. **First entries must enable identification.**—Throughout all capital accounts, the first entry in respect of any particular thing shall describe it with such particularity as to enable its identification, and shall give it a distinguishing name, number, or other designation by which it shall thereafter be designated in every entry in any capital account which in any way concerns it. In the case of continuous structures like railroad track, or electric line, or pipe line, such structures shall be itemized to the extent that no item shall contain more than one operating division or more than one type of construction, and the entry in relation to any item shall describe the size, weight, type, and other principal physical characteristics of the chief constituent parts, together with their spacing if discontinuous.

17. **Costs of new capital to be actual money costs.**—All charges made to capital or other accounts on or after January 1, 1909, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

18. **Discounts upon securities not to be charged to capital accounts.**—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

19. **Costs of labor, materials, and supplies.**—Cost of *labor* (employed in construction) includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of *material and supplies* consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

20. **Withdrawals or retirements.**—When anything is withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

21. **Particulars required to be shown in entries.**—Every charge made to a capital account on or after January 1, 1909, shall show whether the thing in respect of which the charge is made is original capital, or an addition, a betterment, a renewal, or a replacement. If the thing is a betterment, the entry shall designate the thing enlarged or improved and shall cite by name and page of book or other record the original entry of cost of such thing enlarged or improved. If the thing to which any charge hereafter made re-

later is a renewal or a replacement, the entry made in respect thereof shall designate the thing renewed or replaced and shall cite by name and page of book or other record the original entry or entries of cost of such thing renewed or replaced. If there is no entry in the accounts of the corporation showing the cost (to the corporation) of the thing bettered, renewed, or replaced, that fact shall be stated in the entry describing the betterment, renewal, or replacement, and the original cost of such thing to the corporation shall be stated. Such cost shall be estimated if not known, and when estimated the basis of such estimation shall be shown.

22. Betterments involving partial destruction of thing bettered.—If any betterment involves the partial destruction or partial reconstruction of the thing bettered, only such portion of the cost of the change shall be charged as a betterment as will when added to the original cost (estimated if not known) of the thing bettered give the cost of reconstruction or replacement of the thing as bettered, and the remainder of the cost of the change (account being taken of any salvage) shall be charged to the appropriate repair account.

E. g., a building, original cost unknown but estimated to be \$15,000, is bettered by the construction of an elevator shaft, and its stairways are modified so as to be fireproof; the actual expenditure for these changes is \$3,000; the estimated cost of replacement of the building (as modified) with one equally serviceable and with an equal expectation of life is \$18,000; the charge to capital account as a betterment should be \$1,000, and the remainder (\$2,000) of the expenditure should be charged to the appropriate repairs account.

23. Plant and equipment and other capital purchased.—When any fixed capital in the form of a going or completed plant is purchased, an appraisal of such capital so acquired shall be made, and the different constituent elements of the plant (and equipment, if any) or other capital acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence, and inadequacy. If the actual money value of the consideration given for the plant or other capital was at the time of the acquisition in excess of such appraised value, the excess shall be charged to the account "Other Intangible Electric Capital," and the appraised values of the constituent elements shall be charged to the appropriate accounts as designated in the following definitions of accounts for fixed capital. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each plant or other such fixed capital purchased, will be required to be made to the Public Service Commission, and the purchaser will be required to procure in connection with the acquisition of any such plant or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such plant, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

24. Definitions of Fixed Capital accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

E100. FIXED CAPITAL, DECEMBER 31, 1908.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to electric operations as such capital stood at the close of December 31, 1908. Such charges shall be made at the figures at which such capital was carried on the books of the said person or corporation on that date. When any capital included in such account is retired from service, the amount at which it is charged therein shall be credited to this account; the amount of depreciation or other amortization thereon applicable to the period subsequent to December 31, 1908, shall be charged to account No. 374, "Accrued Amortization of Capital," proper account shall be taken of any salvage, and the remainder of the amount originally charged to capital shall be concurrently charged to the Corporate Surplus or Deficit account (or equivalent account carried on the books on December 31, 1908), unless there was carried on the books at that date a reserve to cover retirement of capital from service, in which case the said concurrent charge shall be made to such retirement reserve account. If the amount at which the said capital in service on December 31, 1908, and subsequently retired from service, was included in the said account is not disclosed on the books and records of the accounting person or corporation and is not within the knowledge of such person or corporation or officers or other employees thereof, it shall be estimated, and such estimated amount shall be treated as is above directed for the actual amount, the fact of estimation being stated in the entry.

NOTE.—Corporations will be required to carry as sub-accounts of the account "Fixed Capital, December 31, 1908," the several accounts on their books on that date which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

The following capital accounts are prescribed for transactions subsequent to December 31, 1908:

E110. LAND DEVOTED TO ELECTRIC OPERATIONS.

Charge to this account the cost of the accounting corporation's landed capital which is devoted to electric operations as hereinbefore defined. This includes land occupied by generating stations and their appurtenances, rights of way for transmission and distribution lines and other electric operations; also those for canal and pipe lines, water rights, and rights of pondage, flowage, and submersion, where such rights have lives in excess of one year from the date when such land is placed in service. Such cost includes, when assumed or paid by the purchaser in its own behalf, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired; also costs of obtaining consents and payments for abutting damages.

NOTE A.—Cost of buildings and other improvements must not be included in this account.

NOTE B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to its electric operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the

appropriate structures account, and excluded from the account "Land Devoted to Electric Operations". If such improvements are not devoted to electric operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land Devoted to Electric Operations". The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Public Service Commission the subdivision of the cost of its land devoted to electric operations into the following:

- Land Occupied by Generating Stations.
- Land Occupied by Outside Sub-stations.
- Water Rights.
- Other Land Devoted to Electric Operations.

101. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiation and issue of stock thereunder, shall be classed as additions. Cost of preparing and filing certificates of amendment of articles of incorporation shall be classed as a betterment. Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classed as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

E102. FRANCHISES (ELECTRIC).

To this account shall be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" (section 69 of the Public Service Commissions Law) as is necessary to the conduct of the corporation's electric operations. If any such franchise is acquired by means assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Electric Capital". If any such franchise has a life of *not more than one year after the date when it is placed in service*, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments" if extending beyond the fiscal year.

Payments made to the State or to some subdivision thereof as a consideration for granting an extension for more than one year of the life period of a franchise shall be classed as renewals. Those made as a consideration for

franchises or extensions thereof covering additional territory to be operated as a part of an existing system shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NOTE.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

E103. PATENT-RIGHTS (ELECTRIC).

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's electric operations. If any such right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent-right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

E104. OTHER INTANGIBLE ELECTRIC CAPITAL.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to electric operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

E121. GENERAL STRUCTURES.

Charge to this account the cost of all buildings and other structures of a permanent character devoted to general corporate purposes, not restricted to electric operations and not includible in any of the departmental accounts; also of all fixtures permanently attached thereto and made a part thereof, such as water pipes and fixtures, steam pipes and fixtures for warming and ventilating, gas pipes and fixtures for lighting, etc., electric wiring and fixtures for lighting, signaling, etc.; elevators, etc., and the engines and motors specially provided for operating them; furnaces, boilers, etc., specially provided for producing steam for such engines and for heating; electric generators specially provided for producing current for lighting such buildings, etc. This account includes such piers and other foundations for machinery and apparatus as are designed to be as permanent as the buildings in (or in connection with) which they are constructed, and to outlast the first machinery or apparatus mounted thereon.

NOTE A.—Among such buildings may be mentioned general office buildings, general shop buildings, general storehouses, general stable buildings, etc. Where general offices, shops, storehouses, stables, etc., are in buildings includible in a departmental account, as e. g., in a power station building, no part of the cost of such building shall be charged to this account. This account is provided for structures of a general or miscellaneous character not assignable to any particular department.

NOTE B.—When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a general building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate departmental capital account, and no part to the account "General Structures".

NOTE C.—The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, should be charged to the same account as is the cost of the machinery or apparatus for which they are provided.

E122. GENERAL EQUIPMENT.

Charge to this account the cost of all equipment of general structures, as provided under the following heads:

a. *General Office Equipment*: This includes the cost of all equipment of general offices, such as desks, chairs, tables, movable safes, filing cases, drafting room equipment, and other like office appliances and equipment; also engineering instruments.

b. *General Shop Equipment*: This includes the cost of all equipment specially provided for general shops, such as furnaces, boilers, gas producers, engines, electric generators, and other power apparatus used in operating machinery in such shops; machine tools, cranes, hoists, shafting, belts, and the like shop equipment; also such smithing equipment in general shops as is used principally for other general purposes than shoeing horses and repairing vehicles.

NOTE.—Hand and other small portable tools liable to be lost or stolen shall not be included herein, but portable tools and apparatus of special value may be charged to this account and remain herein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

c. *General Store Equipment*: This includes the cost of all equipment of general store structures, such as movable counters, movable shelving and other movable equipment of like nature, carts, barrows, trucks, etc., and other apparatus and appliances used in handling materials and supplies.

NOTE.—Counters, shelving and the like which are permanently attached to the structure shall be charged to account No. E121, "General Structures," and not to this account.

d. *General Stable Equipment*: This includes the cost of all equipment of general stables, including horses, harness, drays, wagons, automobiles and other vehicles, equipment of shoeing shops, harness repair shops, vehicle repair shops, etc.

E131. DAMS, CANALS, AND PIPE LINES.

Charge to this account the cost of all dams, canals, aqueducts, and pipe lines devoted to the utilization of water power and the delivery of the water to the headgate of the turbine or water-wheel; also that of all wasteways from the outlet of the draft-tube to the point of final discharge. This includes all gates, valves, and other accessories of such dams; also wasteways, sluices, forebays, grids, walls, fences, etc., for the protection of such canals and pipe lines, and all trestles and other supporting structures; also all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines.

E132. POWER PLANT BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for housing power generating plants. This account includes cost of excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

E141a. FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in generating electric energy. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also iron smokestacks. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

E141b. STEAM ENGINES.

Charge to this account the cost of all steam engines devoted to the production of electric energy. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers, air and circulating pumps, lubricating systems, etc., but not the steam pipe leading from the boiler, nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the steam engine and the electric rotor thereon shall be considered a part of the electric equipment.

E142. TURBINES AND WATER-WHEELS.

Charge to this account the cost of all turbines and water-wheels devoted to the conversion of water power into mechanical power for the production of electric energy. This includes the specially provided foundations and settings of such wheels, also their governors and all other appurtenant apparatus attached thereto from and inclusive of the headgates and governors to (but exclusive of) the wasteway. Where the electric rotor is mounted on (not merely coupled to) the shaft of the water-wheel, the shaft shall be considered a part of the water-wheel and the electric rotor thereon shall be considered a part of the electric equipment.

E143a. GAS PRODUCERS AND ACCESSORIES.

Charge to this account the cost of producers and accessories devoted to the production of gas for the purpose of operating electric generators, including the cost of specially provided foundations and settings for such producers and accessories. This account includes producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfits, seals, specially provided boilers and pumps, flues and piping, blower engines, pipes for the conduction of gas from such producers to holders and to gas engines, holders for producer gas, exhaust pipes from gas engines, etc. It does not include pipes whose primary purpose is the warming of buildings; nor does it include power transmission apparatus, or water pipes, steam pipes, water pumps, or inspirators.

E143b. GAS ENGINES.

Charge to this account the cost of all gas engines devoted to the production of electric energy, including the specially provided foundations and settings of such engines. The engine includes the inlet valve, governor, and ignition and starting apparatus, but not the pipe leading from the gas holder,

nor the exhaust pipe. Where the electric rotor is mounted on the engine shaft, the shaft shall be considered a part of the engine and the electric rotor thereon shall be considered a part of the electric equipment.

E144a. ELECTRIC GENERATORS.

Charge to this account the cost of all electric generating apparatus driven by engines operated by steam, water, or gas; and rotaries and motor generating sets, exciters, etc., when not installed in connection with transmission systems. This includes the specially provided foundations and settings of such apparatus. Where the electric rotor of such apparatus is mounted on the shaft of the steam, hydraulic, or gas engine, the rotor is to be included herein, but not the shaft. Belts, countershafts, and other like intermediaries between such engines and the generators are also to be excluded herefrom.

NOTE.—Regarding transmission and distribution, see the note to account No. E163, "Transmission System".

E144b. ACCESSORY ELECTRIC POWER EQUIPMENT.

Charge to this account the cost of all electric equipment of generating stations not includible in the last foregoing account. This account includes bus-bars, regulators, station switchboards and equipment, such as circuit-breakers, switches, ammeters, voltmeters, wattmeters, and the like, and their specially provided foundations and settings; also headgate motors, pump motors, air compressor motors, etc., and special high-tension transmission equipment at power stations, such as high-tension bus-bars, high-tension switchboards, high-tension switches, high-tension current transformers, high-tension lightning arresters, high-tension potential transformers, high-tension reactive coils, high-tension choke coils, high-tension grounding devices and resistances, high-tension raising and lowering transformers, etc.

E145. MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of all miscellaneous equipment at power plants which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the electric generator, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

NOTE.—This account should not include any sub-station equipment.

E151. SUB-STATION BUILDINGS.

Charge to this account the cost of material used and labor expended in erecting buildings to be used for power sub-station purposes, including excavations, permanent foundations, drainage, gas and water pipes and connections, grading grounds, and furniture and fixtures when permanently attached to and made a part of the building; also the cost of architects' plans, and of superintendence of construction.

NOTE.—No charge should be made to this account in respect of a power plant building, even though such building also contains sub-station apparatus.

E152. SUB-STATION EQUIPMENT.

Charge to this account the cost of all equipment of sub-stations. Such equipment includes not only electric machinery and apparatus, including storage batteries, in sub-stations, but also all other furniture and equipment, such as furnaces, boilers, stoves, elevators, etc., permanently assigned to such stations but not affixed to the structures thereof. It does not include laboratory instruments and apparatus not permanently assigned thereto, nor does it include tools only temporarily assigned to such stations.

E161. POLES AND FIXTURES.

Charge to this account the cost of towers, structures, poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the towers, structures, and poles in position; and all labor expended in connection with the construction of pole lines or structures for carrying the transmission and distribution systems.

E162. UNDERGROUND CONDUITS.

Charge to this account the cost of conduits required for underground wires and cables, including manholes, ducts and pipes, sewer connections, sewer traps, and all material necessary for the completion of the underground conduit system devoted to the protection of the transmission and distribution systems.

E163. TRANSMISSION SYSTEM.

Charge to this account the cost of the transmission system, including cables, wires, insulators, and insulating material.

NOTE.—When the electric current generated (or received from another corporation) is conducted, either at the voltage of generation (or receipt) or at a higher voltage, to a point where it is (a) lowered in voltage by means of step-down transformers, or changed as to kind or frequency by means of (b) motor generator sets, (c) rotary converters, or (d) frequency changers, that portion of the outside line or conductor system antecedent to the said stepdown transformers, motor generator sets, rotary converters, or frequency changers, shall be classed as the Transmission System; except, however, that primary wiring in lighting systems at not to exceed 4,400 volts, 4-wire, 3-phase, shall be classed as a part of the Distribution System. Tie-lines between generating stations and sub-stations shall follow the same rule. Line transformers are not included among the "stepdown transformers" above mentioned.

E164. DISTRIBUTION SYSTEM.

Charge to this account the cost of all distribution main conductors and feeders, including the cost (in place) of all cables, wires, insulators, and insulating material.

This account shall be subdivided so as to show separately the following:

- a. *Overhead Distribution System;*
- b. *Edison Tube System*, including the cost in place of all the Edison tube system material, such as junction boxes, tubing material and conductors, coupling boxes, etc.;
- c. *Other Underground Distribution System.*

NORM A.—The amounts charged to the subdivisions above stated will be required to be separately reported in the annual reports of the corporation to the Public Service Commission.

NORM B.—For the distinction between the transmission system and the distribution system, see the note to account No. E163, "Transmission System".

E165. LINE TRANSFORMERS AND DEVICES.

Charge to this account the cost of all line transformers (both overhead and underground), pole line lightning arresters, transformer cut-out boxes, line cut-out switches, etc., in the distribution system.

NOTE.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of line transformers and devices temporarily withdrawn from service.

E166. ELECTRIC SERVICES.

Charge to this account the cost of all conductors (and appurtenant insulation, ducts, and supports) connecting the distribution mains with electric apparatus and appliances in the possession of consumers.

NORM.—Cost of renewing or modifying services shall not be charged to this account.

E167a. ELECTRIC METERS.

Charge to this account the cost of meters used in determining the amount of electric energy delivered to the several consumers to whom it is supplied.

NOTE A.—Cost of setting, removing, or re-setting such meters shall not be charged to this account.

NOTE B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of consumers' meters temporarily withdrawn from service.

E167b. ELECTRIC METER INSTALLATION.

Charge to this account the cost of the first setting of meters for determining the amount of electric energy delivered upon the premises of consumers, *in case it is the policy of the corporation to capitalize the cost of such setting.*

NOTE A.—Cost of removing such meters and of setting other meters substituted for them shall not be charged to this account but to account No. E533, "Setting and Removing Meters and Transformers".

NOTE B.—This account must not include at any time the cost of installation of a greater number of consumers' meters than are actually in service.

E171. MUNICIPAL STREET LIGHTING SYSTEM (ELECTRIC).

Charge to this account the cost (in place) of all property of the company in poles, cross-arms, pins, braces, insulators, etc., arc circuits, lamps, and out-fits and suspensions, specially provided for the municipal street lighting system. Such cost includes cost of material, transportation, setting poles, etc., and restoring the surface of the street to the condition required by the municipality. This account does not include any part of the general distribution system, but only things in the utilization plant beyond the service and devoted to the municipal service.

NOTE A.—Where the municipality requires for its special benefit the extension of mains and services for street lighting, such extensions may, so long as used solely for street lighting, be charged to this account, provided a full description of the extensions so charged and the amounts charged in respect thereof be filed with the Public Service Commission on or before the date when the entry thereof is made upon the books of the corporation.

NOTE B.—If the corporation uses in its street lighting system the same type of arc lamps that it uses in its commercial lighting system, and uses them interchangeably, it will be permitted, upon filing with the Public Service Commission a notice thereof, to charge the cost of all arc lamps in its street lighting system to account No. E172, "Commercial Arc Lamps".

E172. COMMERCIAL ARC LAMPS.

Charge to this account the cost of all property of the company in commercial arc lamps supplied to consumers (including municipal buildings) where such lamps have an expectancy of life in service of more than one year.

NOTE A.—Meters supplied to consumers are provided for in a foregoing account and should not be included herein.

NOTE B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of arc lamps temporarily withdrawn from service.

E173. GLOWER LAMPS.

Charge to this account the cost of all property of the company in electric glower lamps supplied to consumers (including municipal buildings) where such lamps have an expectancy of life in service of more than one year.

NOTE A.—Meters supplied to consumers are provided for in a foregoing account and should not be included herein.

NOTE B.—This account is restricted to long-life incandescent, or glower lamps such as the Nernst, and does not include the ordinary carbon filament incandescent lamps. Short-life incandescent lamps (*i. e.*, those having an expectancy of life of

not more than one year) shall be charged to the appropriate operating expense account when issued for use, and prior to that time they shall be carried in the appropriate "Materials and Supplies" account.

NOTE C.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of long-life incandescent lamps temporarily withdrawn from service.

E174. ELECTRIC MOTORS AND HEATERS.

Charge to this account the cost of all property of the company in electric motors and heaters leased to consumers (including municipalities), and of all appurtenances thereof, such as fans, etc.

NOTE.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of electric motors and heaters temporarily withdrawn from service.

E175. ELECTRIC TOOLS AND IMPLEMENTS.

Charge to this account the cost of all tools and implements coming within the scope of the definition (see note, page 439) of electric fixed capital and not covered by any of the foregoing equipment accounts.

E176. ELECTRIC LABORATORY EQUIPMENT.

Charge to this account the cost of all testing apparatus and laboratory equipment not elsewhere provided for.

NOTE.—This account includes all electric testing apparatus and equipment in laboratories. It does not include such instruments as are permanently assigned to generating stations, sub-stations, and the like, such as station ammeters, voltmeters, and wattmeters, etc.

E177. OTHER TANGIBLE ELECTRIC CAPITAL.

Charge to this account the cost of all tangible electric capital not elsewhere provided for.

E281. ENGINEERING AND SUPERINTENDENCE.

Charge to this account all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work, and all expenses incident to the work, when such disbursements can not be assigned to specific construction.

NOTE.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged.

E282. LAW EXPENDITURES DURING CONSTRUCTION.

Charge to this account general expenditures of the following nature, incurred in connection with the construction of an electric plant, namely: the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees; and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of the right of way or other land shall be charged to account No. E110, "Land Devoted to Electric Operations". Law expenditures in connection with the organization of the corporation shall be charged to account No. 101, "Organization".

E283. INJURIES DURING CONSTRUCTION.

Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of electric plant and equip-

ment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payments to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

E284. TAXES DURING CONSTRUCTION.

Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

E285. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

Charge to this account the salaries and expenses of executive and general officers of an electric plant under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.—This account shall not include any costs of organization, or any costs or discounts connected with the issue and disposal of stocks, funded debt, or other securities, and commercial paper.

E286. INTEREST DURING CONSTRUCTION.

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account. To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

O110. LAND IN OTHER DEPARTMENTS.

Charge to this account the cost of the corporation's interests in land (exclusive of improvements thereon) devoted to operations other than electric operations, gas operations, railroad operations, and street railroad operations.¹ Such cost includes, *when assumed or when paid by the purchaser in its own behalf*, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired. If at the time of acquisition of such interest

¹ NOTE.—GAS CAPITAL, RAILROAD CAPITAL, AND STREET RAILROAD CAPITAL.—For the accounts to which shall be charged the cost of capital devoted to gas operations, see the Uniform System of Accounts for Gas Corporations; for steam railroad operations, see the Uniform System of Accounts for Expenditures for Road and Equipment, etc., as established for Steam Railroad Corporations by the Public Service Commission; and for electric railroad and street railroad operations, see the Uniform System of Accounts for Street Railroad Corporations.

in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to operations other than the four classes above mentioned, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value, and such appraised value shall be charged to the appropriate accounts and excluded from the account "Land in Other Departments". If such improvements are held as investments, the cost (or appraised value at time of acquisition of title if the cost to the corporation is not determined in the contract of acquisition) shall be charged to the appropriate investment account. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land in Other Departments".

O102. FRANCHISES IN OTHER DEPARTMENTS.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" as is necessary to the conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O103. PATENT-RIGHTS IN OTHER DEPARTMENTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O104. OTHER INTANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of intangible capital devoted to its operations other than electric, gas, railroad, and street railroad, and not includible under any of the foregoing accounts.

O120. TANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of tangible capital devoted to its operations other than electric, gas, railroad, and street railroad.

25. *Floating Capital divided into two groups.*—Floating capital is divided into two great groups, of which the first is herein called "*Materials and Supplies*," and the second, "*Current Assets*".

26. *Definitions of Floating Capital accounts.*—In the following definitions the letters and figures prefixed to the titles of the accounts are no part of the titles and are inserted merely for convenience of reference:

E10. MATERIALS AND SUPPLIES.

Charge to this account the cost (including transportation) of all materials and supplies acquired by the corporation, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to

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account No. E286, "Interest During Construction," or to account No. EC852, "Miscellaneous Adjustments—Balance," according as such materials and supplies are intended for construction or for operation.

The scrap value of things retired from service shall be charged to an appropriate sub-account in this account while such things remain the property of the corporation. If such scrap value is not known and can not readily be determined it shall be estimated, and errors in such estimates when determined shall be adjusted through the accounts involved if during the year in which the estimates were made; if later, then through the "Corporate Surplus or Deficit" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account and debited or credited to the operating expense account No. EC852, "Miscellaneous Adjustments—Balance," in case they can not be assigned to specific accounts. Shortages may, however, be charged directly to "Corporate Surplus or Deficit". Where such materials and supplies have been used in construction, a suitable proportion of such shortages or overages may be debited or credited to account No. E285, "Miscellaneous Construction Expenditures".

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

1. CASH.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

2. BILLS RECEIVABLE.

Charge to this account the cost of all bills receivable (except as below provided) which are the property of the corporation and upon which solvent concerns are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include investments (for which see page 455); nor does it include interest coupons.

3. ACCOUNTS RECEIVABLE.

Charge to this account all amounts owing to the corporation upon accounts with solvent concerns (other than banks); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

4. INTEREST AND DIVIDENDS RECEIVABLE.

Whenever the income account is stated the appropriate sub-account therein shall be credited, and this account shall be charged with all accrued but

not yet collected interest upon all commercial paper and accounts considered collectible held by or for the benefit of the corporation; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

5. OTHER CURRENT ASSETS.

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

27. *Investments defined.*—By *Investments*, as here used, are meant all properties acquired not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations at a time when it seems probable that they can not be so advantageously acquired as at the time of actual acquisition. By *bound investments* are meant those held subject to a lien of some character; by *free investments* are meant those held free of all liens.

300. INVESTMENTS.

The cost of the corporation's title to any property held as an investment shall be charged to an account entitled "Investments".

NOTE.—In the annual reports to be made to the Public Service Commission by the corporations and other persons engaged in electric operations, investments, whether bound or free, will be required to be classified with at least the following detail:

Bound investments will be required to be divided into the three classes: "Mortgaged or Pledged Investments," "Contractual Fund Investments," and "Other Bound Investments". Each of these three classes, and the class "Free Investments," will be required to be subdivided into the following: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlled Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments.

28. *Special Deposits defined.*—By *Special Deposits*, as here used, are meant amounts of money and bank credits in the hands of fiscal and other agents of the corporation for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safety deposit vaults, etc., so long as they are available for general purposes of the corporation, shall be excluded herefrom.

311. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits specially deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest Accrued" account.

312. DIVIDEND SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *specially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of dividends upon the corporation's stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

313. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other *special* purposes than the payment of interest coupons and dividends. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

29. Prepayments.—When payments for taxes, insurance, rents, and the like are made in advance of the actual accrual thereof, the amount of the advance payment shall be charged to the appropriate account in this group. As such taxes, etc., accrue, the appropriate prepayment account shall be credited and the appropriate expense or other income account shall be charged.

NOTE.—By the accrual of taxes, insurance, rents, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus, if the rent fixed by contract of lease for a certain property is \$600 for a calendar year, this accrues at the rate of \$150 each quarter (unless it is desired to base the accrual on days, when of course the varying lengths of the quarters would require to be considered), regardless of the actual times when the rent matures; \$150 should thus (if the rent has been prepaid) be credited each quarter to the account "Prepaid Rents," and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

321. PREPAID TAXES.

When taxes are paid in advance of their accrual, the amount prepaid shall be charged to this account. As the taxes thus prepaid accrue, they shall be credited at quarterly intervals to this account and charged to the appropriate taxes account. This account must not include any so called taxes, like water taxes, drainage taxes, fire taxes, etc., which are payments for special benefits received. Such payments for special benefits, where finally chargeable to operating expenses, must, when prepaid, be charged to account No. 324, "Other Prepayments".

322. PREPAID INSURANCE.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue they shall be credited at quarterly intervals to this account and charged to the appropriate expense account.

323. PREPAID RENTS.

When rents are paid in advance of the enjoyment of the term, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As the term is consumed, this account shall be credited at quarterly intervals and the appropriate rent account in the income account shall be charged.

324. OTHER PREPAYMENTS.

When prepayments are made for any other thing than taxes, insurance, and rents, above provided for, such prepayments shall be charged to this account;

and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited quarterly to this account and charged to the appropriate expense or income account.

30. **Suspense.**—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which under the rules of the Public Service Commission may be spread over a period of time, or when any debit made for any other reason may be amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss, or other debit shall, except as herein otherwise directed, be charged to an appropriate account in this group of accounts.

NOTE.—By "amortization" of any charge or credit is meant its gradual extinction. The word is broader than the word "depreciation," since the latter is restricted ordinarily to tangible property. The word "depreciation" also imports more of the idea of fluctuating value and is complicated somewhat with the question of cost of replacement at market prices. Because it is considered unnecessary in connection with the gradual consumption or expiration of life of capital to consider the question of cost of replacement until the replacement is actually made, at which time the cost of replacement is duly charged to the appropriate account, and because provision is necessary for the gradual extinction of certain charges (such as those for some kinds of capital, those for extraordinary casualties, for discount on debt, etc.), to which the term "depreciation" does not well apply, it is considered advisable to use the term "amortization" in connection with the extinction of such charges, and of certain corresponding credits, such as premiums on debt outstanding.

331. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidences of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to account No. 928, "Amortization of Debt Discount and Expense". Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to the account "Other Deductions from Surplus".

332. OTHER SUSPENSE.

To this account shall be made all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit".

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

31. **Securities Actually Issued and Later Re-acquired.**—For the case of securities actually issued by the corporation and later re-acquired by it, the following account is provided:

340. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face values to this account.

32. **Debt defined.**—The word *debt*, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt*.

33. **Funded Debt defined.**—*Funded Debt* comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

34. **Unfunded Debt defined.**—*Unfunded Debt* comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

35. **Funded Debt accounts.**—Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as e. g., "First Mortgage 5% QF 10, Aug. 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture". "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds".

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page, and account

whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

35. Unfunded Debt accounts.— The accounts for unfunded debt are defined as follows:

351. TAXES ACCRUED.

Credit to this account at the close of each quarter the taxes accrued during the quarter, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

352. RECEIVER'S CERTIFICATES.

When any receiver acting under the orders of a competent court is in possession of the property of the corporation and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited quarterly to this account.

353. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties, and the character of the action or suit. Interest accruing upon any such judgment shall be credited quarterly to this account.

NOTE.— In case of appeal and affirmance in whole or in part from which judgment of affirmance a further appeal lies, the same rule shall apply as upon entry of original judgment.

354. INTEREST ACCRUED.

Credit to this account at the close of each quarter the interest accrued during the quarter upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NOTE.— When coupon interest matures it should be transferred from the sub-account "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured". When such interest is paid out of coupon special deposits the sub-account "Coupon Interest Matured" should be charged and the account "Coupon Special Deposits" credited.

355. DIVIDENDS DECLARED.

When any dividend is declared it shall be credited to this account and here remain until it is paid, when it shall be charged to this account and credited to "Cash" or other suitable account.

356. BILLS PAYABLE.

When any note, draft, or other bill payable which matures not later than one year after date of issue (or of demand) or assumption by the corporation of primary liability thereon is issued or assumed, the par value thereof shall be credited to this account, and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account.

E357a. CONSUMERS' DEPOSITS — ELECTRIC.

Credit to this account, as such deposits are made, all cash deposited with the corporation by consumers as security for the payment of electric bills. Deposits refunded shall be charged to this account and credited to "Cash". Deposits applicable to uncollectible or worthless electric bills shall, at the close of the fiscal year (or earlier, at the option of the accounting corporation), be credited to the account of the consumer involved and debited to this account.

357b. OTHER ACCOUNTS PAYABLE.

Credit to this account when incurred all liabilities of the corporation upon open accounts, except those provided for in the foregoing account "Consumers' Deposits".

358. OTHER UNFUNDED DEBT.

Credit to this account at face value all unfunded debt upon which the corporation is liable and which is not elsewhere provided for.

37. Reserves.—Reserves shall be classified as *Permanent* and *Temporary*.

38. Permanent Reserves defined.—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. Permanent reserves shall be classified into the two classes: *Premiums on Stocks*, and *Other Permanent Reserves*.

371. PREMIUMS ON STOCKS.

Premiums on stocks shall be sub-classified with respect to the several classes of stocks, for definitions of which see the accounts under the head "Stocks". A sub-account shall be kept for each particular class of stocks, and such sub-accounts shall be severally entitled:

Premiums on Debenture Stocks,
Premiums on First Preferred Stocks,
Premiums on Second Preferred Stocks, etc., and
Premiums on Common Stocks.

When a premium is realized upon an issue of any particular class of stock, such premium shall be credited to the sub-account above provided for such class of stock, and such credit shall remain in such account so long as such stock remains outstanding. By a premium realized (as the words are above used) is meant the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value thereof shall be considered the premium realized.

372. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account shall be created for each particular purpose for which a reserve is raised, and the purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

39. Temporary Reserves defined.— By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. Temporary reserves shall be classified as *Contractual Reserves* and *Non-contractual Reserves*.

40. Contractual Reserves defined.— *Contractual Reserves* are reserves necessitated by contracts of the corporation, as *e. g.*, reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account shall be raised for each particular contractual reserve, and to such account shall be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

41. Non-contractual Reserves defined.— *Non-contractual Reserves* are such temporary reserves as are raised without being required under any contract. Non-contractual reserves are divided into *Required* and *Optional*.

42. Required Reserve accounts.— Required reserves are provided for in the following accounts:

374. ACCRUED AMORTIZATION OF CAPITAL.

Credit to this account such amounts as are charged from time to time to "Operating Expenses," or other accounts to cover depreciation of plant and equipment, and other amortization of capital. When any capital is retired from service, the original money cost thereof (estimated if not known, and where estimated, that fact and the facts upon which the estimate is based shall be stated in the entry), less salvage, shall (except as provided in account No. E100, "Fixed Capital, December 31, 1908,") be charged to this account; the amount originally entered or contained in the charges to any capital account in respect of such capital so going out of service shall be credited to such capital account, and any necessary adjusting entry made to the appropriate sub-account under the account "Corporate Surplus or Deficit".

375. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidence of indebtedness and the accrued interest shall be credited to this account. At quarterly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity shall be charged to this account and credited to "Amortization of Premium on Debt" in "Income" account; or at the option of the corporation the charge to this account may be delayed to a time not later than the date of maturity of the debt, in which case the proportion ap-

plicable to the period covered by the then current income account shall be credited to the account "Amortization of Premium on Debt," and the remainder of the credit shall be to the account "Other Additions to Surplus".

376. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve shall show the purpose of the reserve, and every subsequent entry with respect to that reserve shall designate the reserve to which it relates.

43. *Optional Reserve accounts.*—*Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

381. CASUALTIES AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualties and Insurance Reserve". Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

382. OTHER OPTIONAL RESERVES.

A sub-account shall be raised for each particular reserve, and its title shall designate the purpose of such reserve and the first entry therein shall express in full such purpose.

44. *Stocks defined.*—By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

45. *Stocks classified.*—Stocks are classified as—

Debenture Stocks,

First Preferred Stocks,

Second Preferred Stocks, etc., and

Common Stocks.

46. *Debenture Stocks defined.*—*Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

47. *First Preferred Stocks defined.*—*First Preferred Stocks* are those which have the first claim upon such dividends as may be distributed. They may be cumulative or noncumulative, participating or nonparticipating. If *cumulative*, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends

until satisfied; if *noncumulative*, such amount lapses. If a first preferred stock is participating, it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if *nonparticipating*, it is limited to the stipulated rate.

48. *Second Preferred Stocks defined.*—*Second Preferred Stocks* are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or noncumulative, participating or nonparticipating.

49. *Common Stocks defined.*—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

50. *Voting Powers.*—Stocks differ also in regard to the voting powers incident to ownership of them.

51. *Retirement of Stocks.*—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

52. *Separate account required for each class of stocks.*—In the accounts of stocks outstanding, a separate account shall be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks and shall be clearly expressed in the first entry in such account. To the account for any class of stocks shall be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other consideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be by him disposed of for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess shall be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

SCHEDULE B.

INCOME ACCOUNT.

1. **Income and Inducant accounts compared.**—A comparison of the balances in the foregoing accounts (Schedule A) at any particular moment will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the *Balance Sheet* or *Inducant* accounts. Their balances indicate the condition of the corporation at any particular time. These accounts with their subsidiary accounts are all that are necessary prior to the time when the corporation becomes what may be called a "going concern".

When a corporation begins operations it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the *Income* account. They are made up usually on a yearly basis and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group.

2. **Divisions of Income account.**—The principal divisions of this group of accounts are the *Revenue* accounts, the *Revenue Deduction* accounts, the *Income Deduction* accounts, and the *Appropriation* accounts.

3. **Revenues defined.**—By *Revenues*, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interests in property). Revenues are classified as *Operating Revenues* and *Non-operating Revenues*.

4. **Operating Revenues defined.**—*Operating Revenues* are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its own operations.

5. **Non-operating Revenues defined.**—*Non-operating Revenues* are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as *Rents*, *Interest*, *Dividends*, and *Miscellaneous*.

6. **Revenue Deductions defined.**—*Revenue Deductions* include *Expenses*, *Taxes*, and *Uncollectible Bills*.

7. **Expenses defined.**—*Expenses* are those outgoes (including capital consumed) necessary to the production of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into *Operating Expenses* and *Non-operating Expenses*. *Operating Expenses* are those incident to the operating revenues.

8. **Taxes defined.**— *Taxes* are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. **Uncollectible Bills defined.**— When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity (as *e. g.*, electric energy or gas for light, heat, or power), current accounts or claims against such consumers for such service rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills*.

10. **Gross Income, Income Deductions, and Net Corporate Income defined.**— Revenues, diminished by expenses, taxes, and uncollectible bills, give an amount called *Gross Income*, which is applicable to corporate and leased properties. Gross income is subject to several compulsory deductions, mostly contractual, like rent, interest, etc., and the remainder after these are made is called *Net Corporate Income*, which being subject only to the discretion of the corporation is most conveniently carried directly to the corporate surplus. The accounts covering the compulsory deductions from gross income, as above defined, are called the *Income Deduction* accounts.

11. **Appropriation accounts defined.**— The accounts covering the yearly changes in the corporate surplus are called the *Appropriation* accounts, since practically all of the matters covered by them are within the discretion of the corporation, although they also include certain adjustments made because of facts of previous years imperfectly accounted for at the time (whether through error or through lack of information), and certain other minor matters like extraordinary expenses not chargeable as deductions from revenues; also such matters as profits on the sale of capital, and profits and losses on the sale of investments.

12. **Definitions of Electric Operating Revenue accounts.**— Credits to the various revenue accounts shall be made upon the basis of bills rendered or of gross prices. Discounts for prompt payment, corrections of overcharges, overcollections theretofore credited and afterward corrected, authorized abatements and allowances, and other corrections and deductions shall be charged to the revenue account to which they relate. In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

401. MUNICIPAL STREET LIGHTING — ARC.¹

Credit to this account all revenues derived from lighting streets for municipal corporations by means of arc lamps.

402. MUNICIPAL STREET LIGHTING — INCANDESCENT.

Credit to this account all revenues derived from lighting streets for municipal corporations by means of incandescent electric lamps.

NOTE.— In the foregoing two accounts the word "streets" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

403. LIGHTING MUNICIPAL BUILDINGS — ELECTRIC.

Credit to this account all revenues derived from lighting municipal buildings by means of electric lamps, and from electric energy supplied for such

¹ Charges to this and the following revenue accounts must be made in such wise as to permit their classification in the annual report of the corporation to the Public Service Commission.

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purposes, or for heat or power in municipal buildings where such energy is supplied at lighting rates and is not separately measured.

404. MUNICIPAL HEAT AND POWER — ELECTRIC.

Credit to this account all revenues derived from municipal corporations for electric energy supplied at special heat or power rates to such corporations for the production of heat and power.

405. MISCELLANEOUS ELECTRIC REVENUE — MUNICIPAL.

Credit to this account all revenues derived from supplying electric energy to municipal corporations and not provided for in the foregoing accounts; also those from the letting of meters, motors, and other electric equipment to such corporations.

406. COMMERCIAL FLAT RATE LIGHTING.

Credit to this account all revenues derived from consumers other than municipal corporations for electric lighting at flat rates per year, per month, per night, per hour, or other time unit, or on any basis independent of the quantity of energy supplied.

407. COMMERCIAL FLAT RATE POWER.

Credit to this account all revenues derived from all consumers, except municipal, railroad, and other electrical corporations, for electric energy supplied for heat or power at special flat rates per year, per month, per night, per hour, or other time unit, or on any basis independent of the quantity of energy supplied.

408. COMMERCIAL METERED LIGHTING.

Credit to this account all revenues derived from all consumers, except municipal corporations, for measured electric energy supplied for electric lighting where the total receipt is dependent on the quantity of energy supplied.

NOTE.—Where electric energy flowing through any meter is used by any other consumer than a municipal corporation for both arc and incandescent lighting, or for arc and incandescent lighting and incidentally for power purposes such as running fans, sewing machines, etc., the revenues derived therefrom shall be credited to this account.

409. COMMERCIAL METERED POWER.

Credit to this account all revenues derived from all consumers, except municipal, railroad, and other electrical corporations, for measured electric energy supplied for heat or power at special heat or power rates, where the total receipt is dependent on the quantity of energy supplied.

410. RAILROAD CORPORATIONS.

Credit to this account all revenues derived from electric energy sold to street and other railroad corporations for the propulsion of their cars, for running their shops, and for other power, and for heating purposes. If such energy is incidentally used for lighting also, but the portion used for lighting is not separately measured, the revenue therefrom shall be included in this account.

411. OTHER ELECTRICAL CORPORATIONS.

Credit to this account all revenues derived from electric energy sold to other electrical corporations to be by them distributed over their own lines to consumers. If any portion of such energy is incidentally consumed by such corporations for their own benefit, whether for light, heat, or power, it shall

be included herein, if not separately measured, or if included under the same contract with that which is distributed by them to consumers.

420. MISCELLANEOUS ELECTRIC REVENUE — COMMERCIAL.

Credit and charge to this account in accordance with the directions given under the following heads:

RENT OF ELECTRIC METERS: Under this head credit to this account all revenues derived from the letting of electric meters to others than municipal corporations.

RENT OF ELECTRIC APPLIANCES: Under this head credit to this account all revenues derived from the letting of electric motors, fans, heating appliances, batteries, lamps, and other electric apparatus and appliances (except meters) to others than municipal corporations. Where the contract of letting names only a single consideration for both the letting and the maintenance of the appliances so let, the entire revenue shall be included under this head.

ELECTRIC MERCHANDISE AND JOBBING REVENUE: Under this head credit to this account all receipts from the sale of electric merchandise and from electric jobbing. Charge under this head the cost to the accounting corporation of electric merchandise sold, such cost including transportation charges paid on such goods.

Also credit under this head the profit or commission accruing to the corporation on all jobbing work performed by it as agent under agency contracts, whereunder it undertakes to do jobbing work for another for a stipulated profit or commission upon its actual expense for labor, materials, and supplies.

NOTE.—This head does not include receipts from the sale of superseded equipment, or of junk or other scrap or salvage.

SALE OF BYPRODUCTS: Under this head credit to this account all revenue derived from the sale of ashes, cinders, chemical waste, gas producer residuals, and other byproducts of electric operations.

JOINT ELECTRIC RENT REVENUE: When any corporation engages in electric operations for the production of some of its product for the benefit of another or others under an arrangement for apportioning the expense upon the basis of the relative amounts of benefit to the several participants in the arrangement, if such arrangement provides for the receipt by the corporation of any profit or return upon its property, such profit or return upon property shall, as it accrues, be credited to this account under this head quarterly. Such profit or return must be over and above any provision for wear and tear and depreciation of plant involved in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

BREAK-DOWN SERVICE: Under this head credit to this account all revenues derived from the insurance of a supply of electric energy to a stipulated amount to concerns ordinarily producing their own or procuring it from sources other than the corporation acting as insurer.

OTHER MISCELLANEOUS ELECTRIC REVENUE: Under this head credit to this account all revenues derived from others than municipal corporations for the supply of electric energy and service and from other electric operations not includible in any of the foregoing accounts or under any of the preceding heads.

NOTE.—In its annual reports to the Public Service Commission the reporting corporation will be required to analyze the credits and debits to this account.

13. **Revenue from Outside Operations.**—The detailed revenue accounts for operations other than the above mentioned will be provided for elsewhere.

14. **Operating Expenses defined.**—By the *operating expenses* of a corporation are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of the commodities produced, and to the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived are excluded from operating expenses.

15. **Definitions of certain terms used in connection with expense accounts.**—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

16. **Definitions of Electric Operating Expense accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

GENERAL ACCOUNTS.

- I. Production Expenses.
- II. Transmission Expenses.
- III. Electric Storage Expenses.
- IV. Distribution Expenses.
- V. Utilization Expenses.
- VI. Commercial Expenses.
- VII. General and Miscellaneous Expenses.

I. PRODUCTION EXPENSES.

NOTE.—In case the accounting corporation operates two or more separate and distinct plants for the production of electric energy, it will be required to keep

(with the detail herein prescribed) separate accounts covering production at the several plants. Charges to these and other operating expense accounts must be made in such detail as to permit their analysis in accordance with the prescribed heads in all cases except the labor accounts.

E501. STATION SUPERINTENDENCE AND LABOR.

Charge to this account all matters provided for under the following heads.

STATION SUPERINTENDENCE AND CARE: This head includes salaries and personal expenses of superintendents and assistants, chemists, clerks, janitors, watchmen, elevatormen, and also that portion of the salaries and expenses of the engineering staff assignable to the generating plant.

BOILER LABOR: This head includes the cost of labor in boiler room and elsewhere in and about the premises having to do with making steam, including such labor as that of fire room engineers and assistants, water tenders, firemen, coal handlers, ash handlers, boiler cleaners, and feed-pump men.

PRODUCER LABOR: This head includes the cost of all labor in and about the premises having to do with the production of power gas.

ENGINE LABOR: This head includes the cost of labor on prime movers of all kinds, including such labor as that of chief engineers and assistants, engineers, oilers, wipers, and machinists.

ELECTRIC LABOR: This head includes the cost of all labor in connection with the electric generating apparatus and devices, beginning with the generators direct connected or belted to the prime movers, and including the switchboard, feeder terminal board, and to where the electric current leaves the station for the transmission or distribution system, including such labor as that of system operators or load dispatchers; foreman over regulators, regulators, and assistants; switchboard men, brushmen, wipers, and wiremen.

E502. FUEL FOR POWER.

Charge to this account all matters provided for under the following heads:

FUEL FOR STEAM: This head includes the cost of fuel, whether coal or oil, used under the boilers for electric generation, at the cost delivered in the bunkers or tanks; also any special expense incurred in disposing of ashes.

FUEL FOR PRODUCER GAS: This head includes the cost of fuel used for generating producer gas.

NOTE.—No portion of the cost of boiler room labor shall be charged to this account.

E503. OTHER STATION SUPPLIES AND EXPENSES.

Charge to this account all matters provided for under the following heads:

WATER FOR STEAM POWER AND GAS: This head includes the cost of feed water and of water for condensers; also the cost of boiler compound. Water used for general station purposes is not to be included.

WATER FOR HYDRAULIC POWER: This head includes the cost of all water purchased for the purpose of operating hydraulic power plants in the electric department.

LUBRICANTS FOR POWER: This head includes the cost of lubricants for machinery in the generating station; but not oil for transformers, grease for wagons, or oil for lanterns.

PRODUCTION SUPPLIES: This head includes the cost of all supplies, tools, etc., used in the generating plant which are consumed in the operating process, the replacement of which does not constitute a repair or renewal; also

the cost of repairs of such tools. This covers such matters as waste, packing, wipers, gauge glasses, gauge washers, manhole gaskets, handhole gaskets, fire room tools, steam and air hose, bolts, screws, nails, tools, dynamo brushes, etc.

STATION EXPENSE: This head includes the general and miscellaneous expenses in the generating plant not specifically chargeable under other heads, including such matters as lighting, heating, and cleaning systems; fire protection system; janitors' supplies; ice and water; telephone and toilet services at station; and care of streets, yards, and sidings.

E507. REPAIRS OF POWER PLANT BUILDINGS.

Charge to this account the cost of repairs of buildings and structures used for power station purposes; cost of repairs of fixtures therein; cost of maintaining walks, driveways, and grounds connected with such buildings; cost of delivering material, including freight charges, if any; and all incidental expenses connected with the maintenance of such buildings and structures.

The term "buildings and structures," in addition to embracing the buildings proper, shall be understood to include fixtures when immovable and built in as a part of the structure; permanent foundations and piers; pipes for gas, water, sewerage, and drainage; apparatus for heating, lighting, and ventilating; freight and passenger elevators with fixtures and appurtenances; platforms; appliances for protecting buildings against fires; fences, walls, sidewalks, and pavements within the limits of grounds immediately adjacent to such buildings.

NOTE.—The cost of replacement of a building or structure, when in excess of \$100, shall be treated through the appropriate capital account; when less than \$100, it may be charged directly to this account or a sub-account hereunder.

EC508. REPAIRS OF STEAM EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF FURNACES, BOILERS, AND ACCESSORIES: This head includes —

a. REPAIRS OF FURNACES AND BOILERS: The cost of repairing boilers and furnaces, including specially provided foundations and settings, iron smokestacks, and such matters as brick work, bridge wall, arches, jambs, grate bars, stoker bars and webs, furnaces, valves, superheaters, damper regulators, and tubes.

b. REPAIRS OF BOILER APPARATUS: The cost of repairing feed water, coal and ash handling systems, and auxiliary apparatus in the fire room; including such matters as feed pumps, blower engines, coal conveyor, digger, trolley and cable tower, crusher and belt links, brackets, wheels, chutes and gates; ash conveyor cars, winches, motors, buckets, shaft, chain, and wheels; filters, boiler compound injector and pump; heaters, primary and secondary; economizers and water meters.

c. REPAIRS OF STEAM ACCESSORIES: The cost of repairing the piping system in connection with the making of steam and delivery thereof to the prime movers; including such matters as water feed piping, cold main, hot main, water suction, valves, joints, jackets, ash pit drains and ash pocket syphons, oil drains from engine crank pits, receiving tanks, filter pumps to engine valve, steam and exhaust line systems, sewer connections, and air line.

REPAIRS OF STEAM ENGINES: This head includes —

d. REPAIRS OF RECIPROCATING ENGINES: The cost of repairing reciprocating steam engines used in the power plant.

e. REPAIRS OF STEAM TURBINES: The cost of repairing steam turbines used in the power plant.

f. REPAIRS OF OTHER STEAM ENGINE EQUIPMENT: The cost of repairing apparatus auxiliary to the prime movers, including such matters as condensers, packing tubes, renewing tubes, heads and doors, and miscellaneous; and pumps, air and circulating, wet vacuum, dry vacuum, and oil systems, but excluding the power conveying apparatus.

E510. REPAIRS OF HYDRAULIC POWER PLANT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF DAMS, CANALS, AND PIPE LINES: This head includes the cost of repairing hydraulic structures. Such structures include dams, embankments, etc., for impounding water, and all appurtenant gates, valves, weirs, wasteways, canals, conduits and other channels (including riprap, lining walls, etc.), pipe lines, aqueducts, and supporting trestles, etc., forebays and appurtenant sleeves and grids, wasteways, etc., and all viaducts, bridges, foot-bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines; also the wasteways conducting water from the outlet of the draft-tube to the point of final discharge.

REPAIRS OF TURBINES AND WATER-WHEELS: This head includes the cost of repairing wheel-gates, turbines, and other hydraulic apparatus from the inlet valve to and including the wheel governor and to the outlet of the draft-tube.

E511. REPAIRS OF GAS POWER EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF GAS PRODUCERS AND ACCESSORIES: This head includes the cost of repairing apparatus devoted to the generation of producer gas to be consumed in gas engines in the electric generating station; also the cost of repairing gas conductor and exhaust pipes and other auxiliary gas power apparatus. This covers producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhaustor outfits, seals, specially provided boilers and pumps, flues and piping, blower engines, holders, etc. Power conveying apparatus is not included herein.

REPAIRS OF GAS ENGINES: This head includes the cost of repairing gas engines devoted to the production of electric energy, including inlet valves, governors, and ignition and starting apparatus.

E512. REPAIRS OF POWER PLANT ELECTRIC EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF ELECTRIC GENERATORS: This head includes the cost of repairing dynamos, alternators, and other electric generating apparatus driven by steam, water, or gas power; and rotaries and motor generating sets, exciters, etc., when not installed in connection with transmission system.

REPAIRS OF ACCESSORY ELECTRIC EQUIPMENT: This head includes the cost of repairing the electric generating apparatus not includible under the foregoing head. This covers bus-bars, regulators, station cables, station switchboards and equipment, such as circuit-breakers, switches, ammeters, voltmeters, wattmeters, etc. (and their specially provided foundations and settings), and the station terminal board; also head-gate motors, pump motors, air compressor motors, etc., and special high-tension transmission equipment at power stations, such as high-tension bus-bars, high-tension switchboards, high-tension

switches, high-tension current transformers, high-tension lightning arresters, high-tension potential transformers, high-tension reactive coils, high-tension choke coils, high-tension grounding devices and resistances, high-tension raising and lowering transformers, etc., but not wiring for lighting the station.

E513. MISCELLANEOUS STATION REPAIRS.

Charge to this account all matters provided for under the following heads:

REPAIRS OF STATION TOOLS AND IMPLEMENTS: This head includes the cost of repairing station tools and implements that have been capitalized (except fire tools, elsewhere provided for). Among the principal items under this head are blacksmiths', machinists', and pipe fitters' tools, pump room tools, engine tools, and cutting tools.

REPAIRS OF MISCELLANEOUS STATION EQUIPMENT: This head includes the cost of repairing station apparatus not includible in the foregoing repair accounts, particularly the power transmission equipment, such as shafting, belting, and clutches; motors, hoists, and cranes, etc.

E514. STEAM FROM OTHER SOURCES.

Charge to this account the cost of all purchased or jointly produced steam consumed in the power plant of the electric department.

NOTE.—In case such steam is jointly produced, i. e., produced by another person or corporation under a joint arrangement for sharing the cost of production in proportion to the benefits to the several participants, the charge to this account may include a proportion to cover depreciation of plant employed as well as the proportion of direct expense, but it must not include any allowance or return upon the cost or value of the plant. Such allowance or return upon property must be charged to account No. E922, "Rent Deductions".

E515. POWER GAS FROM OTHER SOURCES.

Charge to this account the cost of all gas consumed in the gas power plants of electric generating stations, but not produced in the electric department; this includes the cost of gas produced for the corporation by another corporation under any joint arrangement for the sharing of expense (upon the basis of the relative amounts of benefit to the several participants), inclusive of provision in such expense for depreciation of plant, but exclusive of allowance for profit or return upon the value of property used in such production.

E516. ELECTRIC ENERGY FROM OTHER SOURCES.

Charge to this account the cost, at the point of delivery to the corporation, of all electric energy purchased or produced for the corporation by another corporation under any joint arrangement for the sharing of expense (upon the basis of the relative amounts of benefit to the several participants), inclusive of provision in such expense for depreciation of plant, but exclusive of allowance for profit or return upon the value of property used in such production.

II. TRANSMISSION EXPENSES.

E521a. TRANSMISSION SUBWAY RENT.

Charge to this account the rents payable accruing for ducts leased from other corporations or from a municipal corporation.

NOTE.—In case the rented subway is used for distribution as well as for transmission, the rent should be apportioned between this account and account No. E521b, "Distribution Subway Rent".

EC522a. TRANSMISSION REPAIRS.

Charge to this account all matters provided for under the following heads.

TRANSMISSION POLE AND FIXTURE REPAIRS: This head includes the cost of repairing and renewing poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the poles, towers, and other structures in position; also repairs of towers and other structures maintained primarily for supporting the overhead transmission system.

This head does not include insulators.

NOTE A.—The cost of repairing and renewing poles and fixtures which carry both transmission and distribution conductors should be apportioned between this account and account No. EC522b, "Repairs of Distribution Mains," under the head of "Distribution Pole and Fixture Repairs".

NOTE B.—The cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction shall, when the individual costs of the same equal or exceed \$100, be treated through the appropriate capital accounts. When the individual cost is less than \$100, the replacement may be charged directly to this account, under this head.

TRANSMISSION UNDERGROUND CONDUIT REPAIRS: This head includes the cost of patrolling and inspecting as well as repairing transmission underground conduits, including renewing ducts and pipes, enlarging and repairing manholes, re-paving streets over such structures, etc. This head does not include any repairs of conductors or of the insulation thereof.

NOTE.—The cost of maintaining underground conduits which carry both transmission and distribution conductors should be apportioned between this account and account No. EC522b, "Repairs of Distribution Mains," under the head of "Distribution Underground Conduit Repairs".

OVERHEAD TRANSMISSION SYSTEM REPAIRS: This head includes the cost of repairing and maintaining overhead trunk lines between generating and sub-stations, including patrolling and testing, and all repairs.

UNDERGROUND TRANSMISSION SYSTEM REPAIRS: This head includes the cost of inspecting and repairing underground transmission cables.

NOTE A.—This head does not include the cost of repairing poles and fixtures, for which see the foregoing head, "Transmission Pole and Fixture Repairs".

NOTE B.—When the electric current generated (or received from another corporation) is conducted, either at the voltage of generation (or receipt) or at a higher voltage, to a point where it is (a) lowered in voltage by means of step-down transformers, or changed as to kind or frequency by means of (b) motor generator sets, (c) rotary converters, or (d) frequency changers, that portion of the outside line or conductor system antecedent to the said stepdown transformers, motor generator sets, rotary converters, or frequency changers, shall be classed as the Transmission System; except, however, that primary wiring in lighting systems at not to exceed 4,400 volts, 4-wire, 3-phase, shall be classed as a part of the Distribution System. Tie-lines between generating stations and sub-stations shall follow the same rule. Line transformers are not included among the "stepdown transformers" above mentioned.

EC525. SUB-STATION LABOR, SUPPLIES, AND EXPENSES.

Charge to this account all matters provided for under the following heads:

SUB-STATION LABOR: This head includes the cost of all labor employed in superintending and operating sub-stations, including not only that of regulators, brushmen, and others engaged in operating the electric apparatus, but also that of clerks, janitors, watchmen, etc.

SUB-STATION SUPPLIES AND EXPENSES: This head includes the cost of supplies consumed and expenses incurred in connection with the operation of sub-stations, such as telephone rents, light, heat, etc.

E527. REPAIRS OF SUB-STATION BUILDINGS.

Charge to this account the cost of repairing sub-station buildings and permanent fixtures therein, including grounds and adjacent streets, vaults, sheds, pits, sidewalks, etc.

E528. REPAIRS OF SUB-STATION EQUIPMENT.

Charge to this account the cost of repairing apparatus in sub-stations, including sub-station cables, switchboards and instruments, station terminal board, etc.

NOTE.—This account should not include the cost of repairing any storage battery equipment, for which see account No. E529, "Electric Storage Expenses," under the head of "Repairs of Storage Battery Accessories".

III. ELECTRIC STORAGE EXPENSES.

E529. ELECTRIC STORAGE EXPENSES.

Charge to this account all matters provided for under the following heads:

STORAGE BATTERY LABOR: This head includes the salaries and personal expenses of superintendent, clerks, and battery men, including inspectors and testers.

STORAGE BATTERY SUPPLIES: This head includes the cost of acid and distilled water in cells, soda, sponges, brooms, mops, waste, rags, hydrometers, thermometers, automatic cell fillers, rubber hose, gloves, shoes, paint, etc., and brushes for boosters and compensators.

STORAGE BATTERY RENEWALS: This head includes the cost of renewing worn-out cells, including diaphragms, negative and positive plates, lead in strip, spelter, pails, candles, dry boards, tank bands, sheet lead, glass plates, glass covers, hydrogen generators, jumpers, clamps, lampblack, etc.

REPAIRS OF STORAGE BATTERY ACCESSORIES: This head includes the cost of repairing tanks, battery room floor, switches, regulating apparatus, boosters, and compensators.

IV. DISTRIBUTION EXPENSES.

EC531. ELECTRIC DISTRIBUTION OFFICE AND SUPERINTENDENCE.

Charge to this account all matters provided for under the following heads:

ELECTRIC DISTRIBUTION SUPERINTENDENCE: This head includes the salaries and personal expenses of superintendents and clerks, and also that portion of the salaries of the engineering staff of the company which is assignable to distribution.

ELECTRIC DISTRIBUTION RECORDS AND OFFICE EXPENSE: This head includes —

a. **ELECTRIC DISTRIBUTION MAPS AND RECORDS:** The cost of maps and records of overhead and underground lines, including salaries and personal expenses of mappers and draftsmen, cost of drawing material, etc.

b. **ELECTRIC DISTRIBUTION OFFICE EXPENSE:** The cost of all other supplies and expenses of the office of the superintendent of the distribution department.

E532. SETTING AND REMOVING METERS AND TRANSFORMERS.

Charge to this account the cost of all supplies consumed and all expenses incurred in connection with the operation of service transformers and consumers' meters. This includes such matters as setting and removing such transformers and meters, connecting and disconnecting services, and the like.

NOTE.—In case it is the policy of the accounting corporation to charge the cost of the first setting of consumers' meters to capital, such charge should be made to account No. E167b, "Electric Meter Installation".

E521b. DISTRIBUTION SUBWAY RENT.

Charge to this account the rents payable accruing for underground conduits used for distribution conductors.

NOTE.—In case the rented subway is used for transmission as well as for distribution, the rent should be apportioned between this account and account No. E521a, "Transmission Subway Rent".

EC522b. REPAIRS OF DISTRIBUTION MAINS.

Charge to this account all matters provided for under the following heads:

DISTRIBUTION POLE AND FIXTURE REPAIRS: This head includes the cost of repairing and renewing poles, cross-arms, and insulator pins; braces, brackets, and other pole fixtures; guys and other supports for holding the poles, towers, and other structures in position; also repairs of towers and other structures maintained primarily for supporting the overhead distribution system.

This head does not include insulators.

NOTE A.—The cost of repairing poles and fixtures that carry both transmission and distribution conductors should be apportioned between this account and account No. EC522a, "Transmission Repairs," under the head of "Transmission Pole and Fixture Repairs".

NOTE B.—The cost of replacement of towers and other structures maintained primarily for supporting the overhead electric construction shall, when the individual costs of the same equal or exceed \$100, be treated through the appropriate capital accounts. When the individual cost is less than \$100, the replacement may be charged directly to this account.

DISTRIBUTION UNDERGROUND CONDUIT REPAIRS: This head includes the cost of maintaining subways and underground conduits, including repairs of the tube, of manholes, of paving over such subways and of all ducts and conduits, but not any repairs of conductors or of the insulation thereof.

NOTE.—The cost of maintaining (including patrolling and inspecting) underground conduits and subways which carry both transmission and distribution conductors should be apportioned between this account and account No. EC522a, "Transmission Repairs," under the head of "Transmission Underground Conduit Repairs".

OVERHEAD DISTRIBUTION SYSTEM REPAIRS: This head includes the cost of patrolling, testing, and repairing the overhead conductors in the distribution system.

EDISON TUBE SYSTEM REPAIRS: This head includes the cost of inspecting, testing, and repairing the Edison tube system, including junction boxes, tubing and conductors, coupling boxes, etc.

OTHER UNDERGROUND DISTRIBUTION SYSTEM REPAIRS: This head includes the salaries and expenses of patrolmen, testers, etc., as well as the cost of repairing damaged subway distribution conductors.

E535a. REPAIRS OF ELECTRIC SERVICES.

Charge to this account the cost of repairing underground and overhead services leading from the mains to the consumers' premises.

E535b. REPAIRS OF TRANSFORMERS.

Charge to this account the cost of labor and material consumed in maintaining transformers, including renewing oil, re-painting, re-winding, removing, and replacing; also repairs of such switches and cut-outs as are the property of the corporation on consumers' premises.

E536. ELECTRIC METER OPERATION AND REPAIRS.

Charge to this account all matters provided for under the following heads:

ELECTRIC METER OPERATION: This head includes the salaries and expenses of superintendents and clerks in the meter bureau, and also that portion of the salaries of the engineering staff of the corporation assignable to this account; also the cost of light, heat, ice, water, and other supplies and expenses in connection with the meter-testing bureau; and the cost of testing meters on consumers' premises or in meter shops.

ELECTRIC METER REPAIRS: This head includes the cost of repairing meters in the distribution service, including new parts, new jewels, cleaning, and painting.

V. UTILIZATION EXPENSES.

541. COMMERCIAL ARC OPERATION.

Charge to this account all matters provided for under the following heads:

COMMERCIAL ARC LABOR: This head includes the cost of labor employed in trimming and inspecting arc lamps on private consumers' premises and in municipal buildings.

COMMERCIAL ARC SUPPLIES: This head includes the cost of all supplies (such as carbons, globes, etc.) for arc lamps on private consumers' premises and in municipal buildings.

542. COMMERCIAL ARC REPAIRS.

Charge to this account the cost of keeping in repair private consumers' arc lamps and those in municipal buildings; including such matters as setting and removing lamps, repairing parts, changing for repairs and adjustment, and testing during adjustment and after repairs.

543. COMMERCIAL INCANDESCENT OPERATION.

Charge to this account all matters provided for under the following heads:

COMMERCIAL INCANDESCENT INSTALLATION: This head includes the cost of the first installation of incandescent lamps on consumers' premises (including cartage and delivery expenses) unless consumer is charged for the first installation, or unless it is proper to charge such first installation to capital. (See account No. E173, "Glowing Lamps.")

COMMERCIAL INCANDESCENT RENEWALS: This head includes the cost of renewing incandescent lamps on consumers' premises (including cartage and delivery expense) and cost of photometering incandescent lamps. Credit to this account under this head any rebate received for the return of stubs, or allowances relating thereto.

544. CONSUMERS' INSTALLATION EXPENSES.

Charge to this account all matters provided for under the following heads:

INSPECTION OF CONSUMERS' PREMISES: This head includes the cost of inspection of consumers' premises, including such matters as the charge for municipal certificates, charge for Board of Fire Underwriters' inspection certificates, and that portion of the salaries and expenses of the engineering staff or of other departments than the distribution department engaged in technical work properly assignable to this account.

REPAIRS OF CONSUMERS' INSTALLATIONS: This head includes the cost of all labor and material furnished to consumers for inside work without special charge, including such matters as attention to complaints or to improving the character of service, replacing or repairing wiring fixtures or electric

appliances, moving appliances from place to place in houses and re-connecting the same, etc.

545. MUNICIPAL STREET ARC OPERATION.

Charge to this account all matters provided for under the following heads:

MUNICIPAL STREET ARC LABOR: This head includes the cost of labor employed in trimming and inspecting the arc lamps of the municipal street lighting system.

MUNICIPAL STREET ARC SUPPLIES: This head includes the cost of carbons, globes, etc., for the arc lamps of the municipal street lighting system.

546. MUNICIPAL STREET ARC REPAIRS.

Charge to this account the cost of changing location of lamp posts, changing lamps for repairs and adjustments, renewals, repairs of mast arms, hangers, poles, ropes, etc., and painting poles; also that portion of the arc lamp shop expense assignable thereto.

547. MUNICIPAL STREET INCANDESCENT OPERATION.

Charge to this account all matters provided for under the following heads:

MUNICIPAL STREET INCANDESCENT INSTALLATION: This head includes the cost of the first installation of incandescent lamps in the municipal street lighting system, unless it is paid by the municipal corporation, or the lamps are of such character that it is proper to charge to capital. (See account No. E173, "Glower Lamps.")

MUNICIPAL STREET INCANDESCENT RENEWALS: This head includes the cost of renewing incandescent lamps in the municipal street lighting system.

548. MUNICIPAL STREET INCANDESCENT REPAIRS.

Charge to this account the cost of repairing municipal incandescent street lamps and fixtures.

NOTE.—This does not include items chargeable to maintenance of poles and their fixtures, or of subways, or conductors.

VI. COMMERCIAL EXPENSES.

E550. COMMERCIAL EXPENSES — ELECTRIC.

Charge to this account all matters provided for under the following heads:

COMMERCIAL ADMINISTRATION — ELECTRIC: This head includes —

a. *Commercial Department Indexing:* The cost of indexing meters, including indexers' lamps.

b. *Commercial Department Collecting:* The expense of the collection bureau, including collectors' salaries or commissions, badges, car fares, and delivering bills.

c. *Commercial Department Contracts:* Such part of the cost of the contract department as is not assignable to the Promotion Office, including attention to bill questions.

d. *Commercial Department Accounting:* The cost of keeping the accounts of consumers, being a proportion of the salaries and expenses of general officer and assistants in charge of the commercial department, and salaries of bookkeepers and all clerks in the accounting department having to do with consumers' accounts.

e. *Commercial Department Miscellaneous:* All expenses incurred in selling electric power and products, in determining the amount of such sales, in making collections, and in keeping account of such sales and collections as are not includible in the accounts of the indexing, accounting, collection, and contract divisions, or in the following accounts for promotion expenses.

PROMOTION OFFICE EXPENSES — ELECTRIC: This head covers —

a. *Promotion Management:* The cost of administration of the department maintained for the promotion or development of electric consumption, including that portion of the salaries and expenses of management and clerks in agency and contract departments assignable to new business.

b. *Demonstrations:* The cost of labor expended and expenses incurred in demonstrating the use of electric lamps and appliances for the purpose of obtaining new business.

c. *Other Promotion Office Expense:* The office expenses of the promotion or new business department.

ADVERTISING — ELECTRIC: This head covers —

a. *Advertising Salaries and Expenses:* The salaries and personal expenses of the advertising manager and clerks.

b. *Advertising Sundries:* The cost of commercial advertising sundries, including booklets, dodgers, newspaper advertisements, posters, bulletins, and all related items.

CANVASSING AND SOLICITING — ELECTRIC: This head includes all expenses incurred in soliciting new business, including wages, commissions, and personal expenses of canvassers, cost of preparing estimates, engineering advice on wiring, etc., and office sundries in connection therewith.

PROMOTION WIRING AND DEVICES: This head covers —

a. *Promotion Wiring:* The cost of wiring in consumers' premises furnished without special charge in order to induce new business.

b. *Promotion Signs and Devices:* The cost of electric signs and other devices (including delivery and connection charges, and expenses in connection therewith) supplied to consumers without special charge in order to develop new business.

VII. GENERAL AND MISCELLANEOUS EXPENSES.

E831. GENERAL ADMINISTRATION.

Charge to this account all matters provided for under the following heads:

SALARIES AND EXPENSES OF GENERAL OFFICERS: This head includes the salaries and traveling and incidental expenses of the chairman of the board, president, vice-president, treasurer, secretary, comptroller, general auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system and whose services can not be satisfactorily allocated to the several departments; also fees, salaries, and expenses of receivers.

SALARIES AND EXPENSES OF GENERAL OFFICE CLERKS: This head includes the salaries and traveling and incidental expenses of general office auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, and all other clerks employed in the general office.

NOTE.—Cost of labor of clerks in the commercial department shall be charged to account No. E550, "Commercial Expenses — Electric," under the head of "Commercial Administration — Electric". (See page 48.)

GENERAL OFFICE SUPPLIES AND EXPENSES: This head includes the cost of office supplies, repairs of office furniture, and renewals of such furniture as has not been capitalized; wages of janitors, porters, and messengers; rent of rooms in office buildings, repairs of such rented rooms, and all other miscellaneous expenses of general offices. Office expenses of departmental officers must be charged to the proper departmental accounts.

NOTE.—Rents charged to this account will be required to be reported separately.

GENERAL LAW EXPENSES: This head includes all law expenses except those incurred in the defense and settlement of damage claims, including salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work, should be properly apportioned between this account and account No. E847, "Injuries to Persons and Property," under the head of "Law Expenses Connected with Damages".

MISCELLANEOUS GENERAL EXPENSES: This head includes the cost of telephone service, telegrams, and other miscellaneous expenses (including all expense specially incurred in connection with the utilization and sale of byproducts, such as battery and other chemical waste, etc.) connected with the general management not otherwise provided for.

E838. INSURANCE.

Charge to this account premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

NOTE.—In their reports to the Public Service Commission corporations will be required to report the charges made to this account for the various kinds of insurance, and for self-insurance.

E839. RELIEF DEPARTMENT AND PENSIONS.

Charge to this account all matters provided for under the following heads:

RELIEF DEPARTMENT EXPENSES: This head includes all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

PENSIONS: This head includes all pensions paid to retired employees, and expenses in connection therewith.

E840. ELECTRIC FRANCHISE REQUIREMENTS.

Charge to this account the cost of all energy and materials and supplies furnished to municipal corporations in compliance with franchise requirements and for which no payment is received by the corporation; also of all direct expense, such as paving and other like matters, incurred in compliance with such requirements and for which no reimbursement is received by the corporation. Amounts charged to this account for which there is no direct money outlay shall be credited to the below provided account, No. EC852, "Miscellaneous Adjustments—Balance," under the head of "Duplicate Electric Charges—Cr."

E842. GENERAL AMORTIZATION—ELECTRIC.

Charge to this account quarterly the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the quarter-year in the tangible electric capital of the corporation, such portion of the life of intangible fixed capital as has expired or been consumed during the quarter, and the amount estimated to be necessary to provide a reserve to cover the cost of property destroyed by extraordinary casualties; less the amounts charged for that month to the various repair

accounts in Electric Operating Expenses. The amount charged (or credited) to this account shall be concurrently credited (or charged) to the reserve account No. 374, "Accrued Amortization of Capital".

NOTE A.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any quarter shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of kilowatt-hours sold. Amortization of intangible capital shall likewise be based on rule. Whatever may be its basis, such rules and a sworn statement of the facts and expert opinions and estimates upon which they are based shall be filed with the Public Service Commission on or before February 1, 1909; each amendment of any such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Amortization of Capital".

NOTE B.—When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. E100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the reserve account, "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit". Where capital is substantially continuous and can not be satisfactorily individualized, it shall be kept in efficient operating condition through repair, and the renewals and replacements of parts thereof shall be considered repairs. In the case of buildings, towers, bridges, trestles, and other separate structures capable of being readily individualized, charges to this account must be sufficient to provide (in respect of such capital and except as provided in account No. E100, "Fixed Capital, December 31, 1908,") in the account "Accrued Amortization of Capital" by the time such structures go out of service a reserve equal to the original money cost thereof, less salvage, to which account such original cost, less salvage, shall be charged.

E847. INJURIES TO PERSONS AND PROPERTY.

Charge to this account all matters provided for under the following heads:

ACCIDENTS AND DAMAGES: This head includes all expenses (other than law expenses provided for under the succeeding head) on account of persons killed or injured and property damaged in connection with the operation of the plant, as below classified; these classes must be separately shown in annual reports to the Public Service Commission:

a. *Claim Department Expenses:* Salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

b. *Medical Expenses:* Salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

c. *Injuries to Employees:* Amounts paid in settlement of claims of employees for injuries arising in the course of their employment; also wages paid to disabled employees while off duty.

d. *Other Personal Injuries and Property Damage:* Amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the plant; also amounts paid in settlement of claims for damage to property not owned by the accounting corporation.

e. Other Accident Expenses.

NOTE.—If it is desired that the charge to operating expenses on account of accidents and damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

LAW EXPENSES CONNECTED WITH DAMAGES: This head includes all law expenses in connection with the defense or settlement of damage claims, including—

f. Salaries and Expenses of Attorneys: A proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work.

g. Court Costs and Expenses: Fees of court stenographers, expenses connected with taking depositions, and other court expenses.

h. Law Printing: Cost of law books, and cost of printing briefs, court records, and similar papers.

NOTE A.—In their annual reports to the Public Service Commission, corporations will be required to classify these matters under the three heads (f), (g), and (h), above given.

NOTE B.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account No. E831, "General Administration," under the head of "General Law Expenses".

NOTE C.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

E848. GENERAL STATIONERY AND PRINTING.

Charge to this account all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing briefs and other legal papers shall be charged to account No. E831, "General Administration" (under the head of "General Law Expenses"), or No. E847, "Injuries to Persons and Property" (under the head of "Law Expenses Connected with Damages"), in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter shall be charged to account No. E550, "Commercial Expenses—Electric," under the head of "Advertising".

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized, shall, if for use in general offices, be charged to account No. E831, "General Administration" (under the head of "General Office Supplies and Expenses"); or if for the use of departmental offices, to the proper departmental accounts.

E849. STORE AND STABLE EXPENSES.

Charge to this account all matters provided for under the following heads:

STORE EXPENSES: This head includes all salaries and expenses in connection with storerooms, including cost of sending material and supplies from general storerooms to branch storerooms, and the collection of scrap material.

STABLE EXPENSES: This head includes the cost of feed, keep, and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses; also the cost of repairing harness and vehicles.

NOTE.—The cost of horses purchased to replace others should be charged to account No. E122, "General Equipment".

EC852. MISCELLANEOUS ADJUSTMENTS — BALANCE.

INVENTORY ADJUSTMENTS — BALANCE: At least once a year an inventory of materials and supplies shall be taken, and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account under this head in case it can not be assigned to a specific account.

DISCOUNTS ON MATERIALS AND SUPPLIES — Cr.: Credit to this account under this head all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NOTE.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to account No. E285, "Miscellaneous Construction Expenditures".

DUPLICATE ELECTRIC CHARGES — Cr.: Credit to this account under this head all charges made to any accounts in electric operating expenses in respect of any electric power or other product of electric operations of the corporation consumed therein.

ELECTRIC EXPENSES TRANSFERRED — Cr.: Credit to this account under this head the proportion of operating expenses (including depreciation and other amortization as well as repairs) chargeable to other coordinate departments (such as gas or street railroad) within the same corporation, but defrayed in the first instance by the electric department.

NOTE.—Do not credit to this account any allowance in the nature of rent or return upon the cost or value of property.

JOINT OPERATING EXPENSE — Cr.: When any plant or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the operating expenses, the portion of such expenses chargeable to others under the arrangement shall be credited to this account under this head. The portion so credited must not include any allowance for profit or return upon the value of such property.

NOTE A.—The foregoing should be read in connection with the definition of revenue account No. 420, "Miscellaneous Electric Revenue — Commercial," under the head of "Joint Electric Rent Revenue".

NOTE B.—In the case of the production of power part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to the appropriate revenue account covering the sale of power. (See accounts Nos. 404, 407, 409, 410, and 411.)

17. Expenses of Outside Operations.—The detailed expense accounts for other than electric operations will be elsewhere provided for.

18. Tax accounts.—An account shall be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account shall be appropriately entitled (as e. g., "Taxes Assignable to Electric Operations," "Taxes Assignable to Non-operating Revenues," etc.), and shall be so kept as to show separately the following:

State Franchise Tax on Capital Stock,
State Franchise Tax on Gross Earnings,
Special Franchise Tax,
Taxes on Land (exclusive of improvements),

Taxes on Improvements on Lands,

Taxes on Personal Property,

Other Taxes (showing in detail).

To each tax account there shall be charged quarterly the amount of taxes accruing during the quarter, and such amount shall be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any quarter shall, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter shall be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be \$600 for the year, the quarterly charge on account of such tax should be \$150 until the amount of the levy becomes known. If during, say the third quarter, it is found that the levy for the year is \$840, there will already have been charged up two quarters at \$150 per quarter, leaving \$340 to be charged during the remainder of the year, or \$170 for each of the two quarters during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Public Service Commission.

19. Uncollectible Bills.—For uncollectible electric bills the following account is provided:

E870. UNCOLLECTIBLE ELECTRIC BILLS.

When, after a reasonably diligent effort to collect, any account stated for electric energy sold has proved impracticable of collection, it shall be charged to this account and credited to the account receivable in which theretofore charged.

20. Definitions of Non-operating Revenue accounts.—For non-operating revenues the following account is provided:

E900. NON-OPERATING REVENUES.

Credit to this account all matters provided for under the following heads:

RENT ACCRUED FROM LEASE OF ELECTRIC PLANT: This head includes all revenues accruing to the corporation from its interests in electric plant or equipment held by others under some form of lease whereby it surrenders possession of such property.

NOTE.—This sub-account contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

MISCELLANEOUS RENT REVENUES: This head includes all miscellaneous rent revenues accruing to the corporation as a return upon leased property other than electric plant and equipment. This contemplates that where the entire term for which the property is let out is greater than one year, the taxes on such property are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this sub-account and not to any of the lessor's tax accounts,

nor to any of its expense accounts. It contemplates, on the other hand, that where the entire term for which the property is let out does not exceed one year, the taxes on the property shall be paid by the landlord and charged to the appropriate tax account. If under the contract covering the holding for terms of one year or less, or at will, the taxes are to be paid by the tenant, the amount of such taxes shall be credited quarterly to this account as they accrue, and shall correspondingly be charged to the tax account covering taxes on property of this character.

NOTE.—Entries in this sub-account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

INTEREST REVENUES: This head includes—

a. *Interest from Investments:* All interest accruing to the corporation upon such of its interest-bearing investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

b. *Interest from Other Sources:* All interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the foregoing sub-head, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

NOTE.—Entries in this sub-account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

DIVIDEND REVENUES: Under this head credit to this account at their cash value and as of the date when collectible, all dividends declared by solvent concerns upon stocks held by the corporation among its investments.

PROFITS FROM OPERATIONS OF OTHERS: Whenever, in accordance with the terms of any contract, the corporation is entitled to participate in the profits resulting from the operations of others, all revenues accruing to the corporation from such source shall be credited (under this head) to this account.

NOTE.—This head does not include any dividends on stocks. Such dividends should be credited under the preceding head, "Dividend Revenues".

MISCELLANEOUS NON-OPERATING REVENUES: This head includes all non-operating revenues accruing to the corporation and not provided for under any of the foregoing heads.

21. **Definition of Non-operating Revenue Deductions account.**—For non-operating revenue deductions the following account is provided:

ES10. NON-OPERATING REVENUE DEDUCTIONS.

Charge to this account all matters provided for under the following sub-accounts:

a. **RENT EXPENSE:** This sub-account includes all expense arising in connection with the procuring of revenues from property let out to others, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such property. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This sub-account includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as reparable wear and tear. It does not include taxes.

b. INTEREST EXPENSE: This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

c. DIVIDEND EXPENSE: This sub-account includes all expense arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

d. OTHERS' OPERATIONS EXPENSE: This sub-account includes the cost of negotiating contracts whereunder the corporation is to participate in profits resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

e. MISCELLANEOUS NON-OPERATING EXPENSE: This sub-account includes all non-operating expense (as hereinbefore defined) which is not provided for in the foregoing sub-accounts.

f. NON-OPERATING TAXES: This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

g. UNCOLLECTIBLE NON-OPERATING REVENUES: When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof shall be credited to the account in which theretofore charged, and charged to this sub-account.

NOTE.—In annual reports of corporations to the Public Service Commission this account will be required to be fully analyzed.

22. Income Deductions.—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by the operating expenses, the taxes, and the uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly for the non-operating revenues, the non-operating expenses, and the non-operating taxes.

The aggregate of the incomes from the several operations and the non-operating income is the gross income applicable to corporate and leased properties. As has before been said, the gross income is, in the usual case, subject to various compulsory deductions, and these are hereinafter called *Income Deductions*.

23. Definitions of Income Deduction accounts.—In the following definitions the letters and numbers prefixed to the titles of the several accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

921. INTEREST DEDUCTIONS.

Charge to this account quarterly (or as otherwise below directed) all matters provided for under the following five heads:

Absolute Interest Accrued on Funded Debt: This head includes all interest accruing absolutely on the outstanding funded debt of the corporation.

Contingent Interest Accrued on Funded Debt: This head includes when the contingency occurs all interest accruing contingently on the outstanding funded

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debt of the corporation. This includes such matters as interest on income bonds.

Interest Accrued on Receiver's Certificates: This head includes all interest accruing on receiver's certificates which are liens upon the property of the corporation or any part of it.

Interest Accrued on Other Unfunded Debt: This head includes all interest accruing on all unfunded debt of the corporation except receiver's certificates.

Interest Accrued on Debenture Stocks: This head includes all interest accruing on the outstanding debenture stocks of the corporation.

NOTE.—Entries in the account "Interest Deductions" must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

E922. RENT DEDUCTIONS.

Charge to this account quarterly all matters provided for under the following heads:

a. RENT FOR LEASE OF OTHER ELECTRIC PLANT: This head includes all amounts accrued against the accounting corporation for rent of electric plant and equipment which it holds under some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such plant and equipment shall not be charged to this sub-account but to the appropriate Taxes account. If such taxes are (under the contract of lease) payable by the lessor or reversioner, they shall be credited to this sub-account and charged to the appropriate Taxes account. Such taxes, when paid by the lessor or reversioner, shall be charged to its rent revenue account and not to its Taxes account, to the end that taxes upon such plant and equipment shall be reported by the corporation in pos-

f. JOINT FACILITY RENTS: Where any plant or equipment is maintained or operated by another corporation for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such plant or equipment over and above depreciation and other expense of maintenance and operation, such pure rent, or profit, or return upon property shall be charged to this sub-account.

NOTE.—This should be read in connection with revenue account No. 420, "Miscellaneous Electric Revenue—Commercial," under the head of "Joint Electric Rent Revenue". (See page 83.)

g. MISCELLANEOUS RENT DEDUCTIONS: This sub-account includes all miscellaneous rents payable not elsewhere provided for.

NOTE A.—Rents for furnished offices (and for office rooms in office buildings heated and lighted by the landlord) should not be charged to this account, but to the appropriate expense account.

NOTE B.—Entries in this account must be made in such wise as to permit an analysis in the annual report of the corporation in accordance with the sub-accounts above defined.

C923. MISCELLANEOUS CONTRACTUAL DEDUCTIONS FROM INCOME.

Charge to this account quarterly all matters provided for under the following heads:

SINKING FUND ACCRUALS: This head includes all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

GUARANTIES OF PERIODIC PAYMENTS: This head includes all unsecured accruals of obligations arising under contracts whereby the corporation has guaranteed the *annual or more frequent periodic* payment of money or performance of other obligation on the part of another corporation or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This sub-account does not include such matters as guaranties of payment of *principal* of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the *unsecured portion* thereof shall be charged hereunder.

LOSS ON OPERATIONS OF OTHERS: Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged hereunder.

OTHER CONTRACTUAL DEDUCTIONS FROM INCOME: This head includes all contractual liabilities arising from annual or other more frequent periodic matters and not includible under any of the foregoing heads. This sub-account includes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

C927. AMORTIZATION DEDUCTIONS.

Charge to this account in accordance with the following directions:

AMORTIZATION OF LANDED CAPITAL: Under this head charge to this account at the close of any fiscal period such portion of the original money cost (estimated if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account under this head shall be concurrently credited to account No. 874, "Accrued Amortization of Capital".

NOTE B.—When any landed capital expires or is otherwise retired from service (as e. g., through sale), the capital account or other indicant account (if any) originally charged therewith shall be credited with the amount originally charged, the account "Accrued Amortization of Capital" shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

AMORTIZATION OF DEBT DISCOUNT AND EXPENSE: Under this head charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense con-

nected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to account No. 939, "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

AMORTIZATION OF PREMIUM ON DEBT—CR.: Under this head credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium at which such debt was issued. Such amortization may at the option of the corporation be effected by crediting all or any portion of such premium to account No. 931b, "Other Additions to Surplus," only upon the maturity of the debt.

24. Appropriations.—The balance resulting from closing the foregoing Income Deduction accounts for any fiscal period into Gross Income for that period gives the Net Corporate Income for the period. The net corporate income being of the same nature as the corporate surplus shall be closed into the "Corporate Surplus or Deficit" account. The group of accounts which show for any fiscal period the changes in the "Corporate Surplus or Deficit" account are designated the "Appropriation" accounts, for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period each of the "Appropriation" accounts shall be closed into the "Corporate Surplus or Deficit" account.

25. Definitions of Appropriation accounts.—In the following definitions of the Appropriation accounts the letters and numbers prefixed to the titles of the accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

931a. BAD DEBTS COLLECTED.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

931b. OTHER ADDITIONS TO SURPLUS.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

932. EXPENSES ELSEWHERE UNPROVIDED FOR.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc., fines levied on directors, officers, and other employees and assumed by the corporation, donations to funds, to churches and other associations, and other like expenses and outgoes.

933. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall thereupon be charged to this ac-

count. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

C934. MISCELLANEOUS APPROPRIATIONS.

Charge to this account quarterly all matters provided for under the following heads:

AMORTIZATION ELSEWHERE UNPROVIDED FOR: This head includes such amortization as is not elsewhere provided for. This provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

APPROPRIATIONS TO RESERVES: This head includes all optional appropriations to reserves.

GIFTS TO CONTROLLED CORPORATIONS: This head includes all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

OTHER APPROPRIATIONS: This head includes all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

938. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as have been provided for in the heretofore defined "Uncollectible Bills" accounts must not be included in this account.

939. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

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UNIFORM SYSTEM OF ACCOUNTS

AS ESTABLISHED FOR GAS CORPORATIONS.

ADOPTED OCTOBER 21, 1908; EFFECTIVE JANUARY 1, 1909.

**STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION, SECOND DISTRICT.**
At a session of the Public Service Commission, Second
District, held at the Capitol, Albany, on the 21st
day of October, 1908.

Present:

**FRANK W. STEVENS, Chairman,
THOMAS M. OSBORNE,
MARTIN S. DECKER,
JAMES E. SAGUE,
JOHN B. OLMSTED,**
Commissioners.

Ordered: That, except as hereinafter provided:

1. On and after January 1, 1909, every gas corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule A", so far as the said accounts are pertinent to the facts and circumstances of the said corporation. The term gas corporation is used herein in the sense defined in the Public Service Commissions Law.

2. On and after the date of service of this order on any such gas corporation, such corporation shall not charge to any account representing cost of property any discount or commission on securities issued by the said corporation, but shall charge all such discounts, commissions, and other expense connected with the issue of securities subsequent to the said date of service, in accordance with the directions contained in the definitions of the account named Organization, and the account named Unamortized Debt Discount and Expense, in the said "Schedule A".

3. On and after January 1, 1909, every said gas corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule B", so far as the same are pertinent to the facts and circumstances of the said corporation.

4. During the year beginning January 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun January 1, 1908; provided that on or before January 1, 1909, there be filed with the Public Service Commission a statement containing a list of the said accounts pertaining to the year begun January 1, 1908, and definitions of such accounts.

5. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary, experimental, or divisional account, the said corporation shall file with the Public Service Commission, at least ten days in advance of the time when

the said account is to be instituted, a statement showing the name of the said account, the date when it is to be instituted, the purpose for which it is to be kept, the period of time during which it is to be kept, and a clear and accurate definition of the classes of items and facts to be contained in the said account; and in case of a divisional account, the definition of the division covered. Upon compliance with the provisions of this paragraph, any account herein prescribed or defined in either said "Schedule A" or said "Schedule B" may be subdivided.

6. All notices herein required to be filed concerning accounts shall be upon sheets 9½ inches by 12 inches in size, and shall be entitled in the name of the corporation filing said notices, followed by a brief statement of the character of the accounts covered by the notice.

SCHEDULE A

BALANCE SHEET OR INDICANT ACCOUNTS.

1. **Gas Corporations and Gas Operations defined.**—Section 2 of the Public Service Commissions Law defines *gas corporation* as follows:

§ 2. . . . The term "gas corporation" . . . includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever, owning, operating, managing or controlling any plant or property for manufacturing and distributing and selling for distribution or distributing illuminating gas (natural or manufactured) for light, heat or power.

Gas operations, as the term is hereinafter used, include all acts and transactions directly connected with the operation of a plant for the production of gas (whether natural or manufactured), the transmission thereof and the supply thereof to consumers for light, heat, or power, and all operations incident thereto, including the collection of revenues therefor and the disposition of byproducts produced in connection therewith.

2. **Accounts to be kept by double-entry method.**—All accounts kept by any corporation or person within the scope of the present order shall on and after January 1, 1909, be kept by the double-entry method.

Note.—This requirement is not intended to apply to purely statistical accounts.

CAPITAL ACCOUNTS.

3. **Capital defined.**—As the term is used herein, by *capital* of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. **Fixed Capital defined.**—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen¹) is called *fixed capital*.

5. **Floating Capital defined.**—Capital other than fixed capital is called *floating capital*.

6. **General Capital and Departmental Capital defined.**—Fixed capital is divisible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the uses of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

7. **Landed Capital and Non-landed Capital defined.**—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called *non-landed capital*.

8. **Intangible and Tangible Capital distinguished.**—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible property within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses.¹

9. **Further Classification of Capital.**—Capital is also divisible into *original capital*, *additions*, *betterments*, and *renewals* and *replacements*, as defined below. Charges to capital accounts shall show these divisions as set forth in paragraph 21, *infra*.

10. **Original Capital defined.**—*Original capital* is that put into service at the outset of an enterprise.

11. **Additions defined.**—*Additions* include additional structures, facilities, or equipment not taking the place of anything previously existing.

12. **Betterments defined.**—*Betterments* include the enlargement or improvement of existing structures, facilities, and equipment.

13. **Renewals defined.**—*Renewals* include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. **Replacements defined.**—*Replacements* include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When a substitute has a substantially greater capacity than that for which it is substituted, the cost of substitution of one of the same capacity as the thing replaced should be charged as a replacement, and the remaining portion of the cost of the actual substitute should be charged as a betterment.

15. **Repairs defined.**—When through wear and tear or through casualty it becomes necessary to replace some part of any structure, facility, or unit of equipment, and the extent of such replacement does not amount to a substantial change of identity in such structure, facility, or unit of equipment, the replacement of such part is to be considered a repair, and the cost of such repair is to be treated as an operating expense and must not be charged as a replacement in any capital account.

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

16. **First entries must enable identification.**—Throughout all capital accounts, the first entry in respect of any particular thing shall describe it with such particularity as to enable its identification, and shall give it a distinguishing name, number, or other designation by which it shall thereafter be designated in every entry in any capital account which in any way concerns it. In the case of continuous structures like railroad track, or electric line, or pipe line, such structures shall be itemized to the extent that no item shall contain more than one operating division or more than one type of construction, and the first entry in relation to any item shall describe the size, weight, type, and other principal physical characteristics of the chief constituent parts, together with their spacing if discontinuous.

17. **Costs of new capital to be actual money costs.**—All charges made to capital or other accounts on or after January 1, 1909, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

18. **Discounts upon securities not to be charged to capital accounts.**—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

19. **Costs of labor, materials, and supplies.**—Cost of labor (employed in construction) includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of materials and supplies consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

20. **Withdrawals or retirements.**—When anything is withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

21. **Particulars required to be shown in entries.**—Every charge made to a capital account on or after January 1, 1909, shall show whether the thing in respect of which the charge is made is original capital, or an addition, a betterment, a renewal, or a replacement. If the thing is a betterment, the entry shall designate the thing enlarged or improved and shall cite by name and page of book or other record the original entry of cost of such thing

enlarged or improved. If the thing to which any charge hereafter made relates is a renewal or a replacement, the entry made in respect thereof shall designate the thing renewed or replaced and shall cite by name and page of book or other record the original entry or entries of cost of such thing renewed or replaced. If there is no entry in the accounts of the corporation showing the cost (to the corporation) of the thing bettered, renewed, or replaced, that fact shall be stated in the entry describing the betterment, renewal, or replacement, and the original cost of such thing to the corporation shall be stated. Such cost shall be estimated if not known, and when estimated the basis of such estimation shall be shown.

22. Betterments involving partial destruction of thing bettered.—If any betterment involves the partial destruction or partial reconstruction of the thing bettered, only such portion of the cost of the change shall be charged as a betterment as will when added to the original cost (estimated if not known) of the thing bettered give the cost of reconstruction or replacement of the thing as bettered, and the remainder of the cost of the change (account being taken of any salvage) shall be charged to the appropriate repair account.

E. g., a building, original cost unknown but estimated to be \$15,000, is bettered by the construction of an elevator shaft, and its stairways are modified so as to be fireproof; the actual expenditure for these changes is \$3,000; the estimated cost of replacement of the building (as modified) with one equally serviceable and with an equal expectation of life is \$18,000; the charge to capital account as a betterment should be \$1,000, and the remainder (\$2,000) of the expenditure should be charged to the appropriate repairs account.

23. Plant and equipment and other capital purchased.—When any fixed capital in the form of a going or completed plant is purchased, an appraisal of such capital so acquired shall be made, and the different constituent elements of the plant (and equipment, if any) or other capital acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence, and inadequacy. If the actual money value of the consideration given for the plant or other capital was at the time of the acquisition in excess of such appraised value, the excess shall be charged to the account "Other Intangible Gas Capital," and the appraised values of the constituent elements shall be charged to the appropriate accounts as designated in the following definitions of accounts for fixed capital. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each plant or other such fixed capital purchased, will be required to be made to the Public Service Commission, and the purchaser will be required to procure in connection with the acquisition of any such plant or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such plant, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

24. Definitions of Fixed Capital accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

G100. FIXED CAPITAL, DECEMBER 31, 1908.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to gas operations as such capital stood at the close of December 31, 1908. Such charges shall be made at the figures at which such capital was carried on the books of the said person or corporation on that date. When any capital included in such account is retired from service, the amount at which it is charged therein shall be credited to this account; the amount of depreciation or other amortization thereon applicable to the period subsequent to December 31, 1908, shall be charged to account No. 874, "Accrued Amortization of Capital," proper account shall be taken of any salvage, and the remainder of the amount originally charged to capital shall be concurrently charged to the Corporate Surplus or Deficit account (or equivalent account carried on the books on December 31, 1908), unless there was carried on the books at that date a reserve to cover retirement of capital from service, in which case the said concurrent charge shall be made to such retirement reserve account. If the amount at which the said capital in service on December 31, 1908, and subsequently retired from service, was included in the said account is not disclosed on the books and records of the accounting person or corporation and is not within the knowledge of such person or corporation or officers or other employees thereof, it shall be estimated, and such estimated amount shall be treated as is above directed for the actual amount, the fact of estimation being stated in the entry.

NOTE.—Corporations will be required to carry as sub-accounts of the account "Fixed Capital, December 31, 1908," the several accounts on their books on that date which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

The following capital accounts are prescribed for transactions subsequent to December 31, 1908:

G110. LAND DEVOTED TO GAS OPERATIONS.

Charge to this account the cost of the accounting corporation's landed capital which is devoted to gas operations as hereinbefore defined. This includes land occupied by gas works and their appurtenances and rights of way for transmission and distribution lines and other pipe lines, where such rights have lives in excess of one year from the date when such land is placed in service. Such cost includes, *when assumed or paid by the purchaser in its own behalf*, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired; also costs of obtaining consents and payments for abutting damages.

NOTE A.—Cost of buildings and other improvements must not be included in this account.

NOTE B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to its gas operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the appropriate structures account, and excluded from the account "Land Devoted to

Gas Operations". If such improvements are not devoted to gas operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land Devoted to Gas Operations". The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Public Service Commission the subdivision of the cost of its land devoted to gas operations into the following:

Land Occupied by Gas Works.

Land Occupied by Outside Holder Stations.

Water Rights.

Other Land Devoted to Gas Operations.

101. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiation and issue of stock thereunder, shall be classed as additions. Cost of preparing and filing certificates of amendment of articles of incorporation shall be classed as a betterment. Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classed as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

G102. FRANCHISES (GAS).

To this account shall be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" (section 60 of the Public Service Commissions Law) as is necessary to the conduct of the corporation's gas operations. If any such franchise is acquired by means assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Gas Capital". If any such franchise has a life of *not more than one year after the date when it is placed in service*, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments" if extending beyond the fiscal year.

Payments made to the State or to some subdivision thereof as a consideration for granting an extension for more than one year of the life period of a franchise shall be classed as renewals. Those made as a consideration for franchises or extensions thereof covering additional territory to be operated

as a part of an existing system shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NOTE.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

G103. PATENT-RIGHTS (GAS).

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's gas operations. If any such right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent-right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

G104. OTHER INTANGIBLE GAS CAPITAL.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to gas operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

G121. GENERAL STRUCTURES.

Charge to this account the cost of all buildings and other structures of a permanent character devoted to general corporate purposes, not restricted to gas operations and not includible in any of the departmental accounts; also of all fixtures permanently attached thereto and made a part thereof, such as water pipes and fixtures, steam pipes and fixtures for warming and ventilating, gas pipes and fixtures for lighting, etc., electric wiring and fixtures for lighting, signaling, etc.; elevators, etc., and the engines and motors specially provided for operating them; furnaces, boilers, etc., specially provided for producing steam for such engines and for heating; electric generators specially provided for producing current for lighting such buildings, etc. This account includes such piers and other foundations for machinery and apparatus as are designed to be as permanent as the buildings in (or in connection with) which they are constructed, and to outlast the first machinery or apparatus mounted thereon.

NORM A.—Among such buildings may be mentioned general office buildings, general shop buildings, general storehouses, general stable buildings, etc. Where general offices, shops, storehouses, stables, etc., are in buildings includible in a departmental account, as *e. g.*, in a retort house, no part of the cost of such building shall be charged to this account. This account is provided for structures of a general or miscellaneous character not assignable to any particular department.

NORM B.—When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a general building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate departmental capital account, and no part to the account "General Structures".

NORM C.—The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, should be charged to the same account as is the cost of the machinery or apparatus for which they are provided.

G122. GENERAL EQUIPMENT.

Charge to this account the cost of all equipment of general structures, as provided under the following heads:

a. *General Office Equipment*: This includes the cost of all equipment of general offices, such as desks, chairs, tables, movable safes, filing cases, drafting-room equipment, and other like office appliances and equipment; also engineering instruments.

b. *General Shop Equipment*: This includes the cost of all equipment specially provided for general shops, such as furnaces, boilers, gas producers, engines, electric generators, and other power apparatus used in operating machinery in such shops; machine tools, cranes, hoists, shafting, belts, and the like shop equipment; also such smithing equipment in general shops as is used principally for other general purposes than shoeing horses and repairing vehicles.

NORM.—Hand and other small portable tools liable to be lost or stolen shall not be included herein, but portable tools and apparatus of special value may be charged to this account and remain herein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

c. *General Store Equipment*: This includes the cost of all equipment of general store structures, such as movable counters, movable shelving, and other movable equipment of like nature, carts, barrows, trucks, etc., and other apparatus and appliances used in handling materials and supplies.

NORM.—Counters, shelving and the like which are permanently attached to the structure shall be charged to account No. G121, "General Structures," and not to this account.

d. *General Stable Equipment*: This includes the cost of all equipment of general stables, including horses, harness, drays, wagons, automobiles and other vehicles, equipment of shoeing shops, harness repair shops, vehicle repair shops, etc.

221. WORKS AND STATION STRUCTURES.

Charge to this account the cost of all structures at works devoted to the production of gas, including purification and all other processes performed upon such gas antecedent to its entrance into the station holder; also of all buildings and other structures at outlying holder stations, except the holders and their appurtenances as provided in the following account, "Holders". Such structures include retort houses, generator houses, purifier houses, engine houses, boiler houses, meter houses, coal sheds, coke sheds, tar houses, oil tanks, tar wells, and other structures for storage of fuel to be consumed or carbonized in the production of gas and the operations auxiliary thereto; structures for residuals and byproducts; appurtenant walks, fences, drives, tramways, trestles, etc., and all fixtures permanently attached to such structures and made a part thereof.

NORM.—Such piers and other foundations for machinery and apparatus as are designed to be permanent and to outlast the first machinery or apparatus mounted thereon shall also be charged to this account; but short lived, temporary, or specially provided foundations and settings for furnaces and boilers, steam engines, gas engines, pumps, generators, benches, condensers, washers, scrubbers, purifiers, etc., shall go with the machinery and apparatus to which they are related. Gas holders are not includible in this account.

222. HOLDERS.

Charge to this account the cost of all holders at works and outlying stations, including tanks, foundations, holders, frame work, guides, pulleys, etc., and inlet and outlet valves of such holders.

NOTE.—Holder housings shall be charged to account No. 221, "Works and Station Structures".

G141a. FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in producing gas and in furnishing motive power in gas works and stations. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also iron smokestacks. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine, to condensers, or to the gas generators, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

G141b. STEAM ENGINES.

Charge to this account the cost of all steam engines devoted to use as prime movers in gas works. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe.

G143b. GAS ENGINES.

Charge to this account the cost of all gas engines devoted to use as prime movers in gas works and stations. This includes the specially provided foundations and settings of such engines. The engine includes the inlet valve and governor, and ignition and starting apparatus, but not the pipe leading from the gas holder, nor the exhaust pipe.

G145. MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of all miscellaneous power plant equipment at gas works which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the apparatus operated, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

223. BENCHES AND RETORTS.

Charge to this account the cost of all benches and retorts devoted to the production of coal gas. This includes the cost of specially provided foundations and settings and auxiliary piping, including foul and hydraulic mains.

G143a. WATER GAS SETS AND ACCESSORIES.

Charge to this account the cost of sets and accessories devoted to the production of water gas, including the cost of specially provided foundations and settings for such sets. This account includes not only generators, carbureters,

superheaters, seals, and piping connected therewith, etc., but also blast apparatus, oil and steam supplying apparatus, oil heaters, etc. It does not include pipes whose primary purpose is the warming of buildings.

224. PURIFICATION APPARATUS.

Charge to this account the cost of all purification apparatus, such as condensers, washers, scrubbers, purifiers, tar extractors, etc., and their ancillary apparatus and piping, including the cost of specially provided foundations and settings.

225. ACCESSORY EQUIPMENT AT WORKS.

Charge to this account the cost of all equipment at works and holder stations which is not includible under any of the foregoing accounts. This includes exhausters, station meters, governors, etc.; apparatus for charging retorts; conveyors for disposing of coke and other products and residuals; tar and ammonia apparatus, pumps, pipes, tanks, etc.

231. TRUNK LINES AND MAINS.

Charge to this account the cost of all trunk lines and mains in place. This includes all pipe lines from the yard connections to district holders, and from the works governor to the beginnings of services, including the cost of all trenching, etc., necessary to the placing of the pipe, and the cost of filling trenches and restoring the surface to its former condition or to that required by the municipal authorities at the time the line is installed.

232. GAS SERVICES.

Charge to this account the cost of the corporation's property in service pipes and appurtenances in or leading to consumers' premises. This includes the cost of material in place, cost of trenching for placing services, and of filling trenches and restoring surface to proper condition.

NOTE A.—When consumers are required to pay some or all of the cost of services, only that portion of the cost not chargeable to the consumer is chargeable to this account; in all cases where only a portion of the cost of the service is chargeable to this account the entry in this account shall show the entire cost of the service as well as the amount charged to this account.

NOTE B.—Where services extending only from main to curb (or to lot line) are placed before actually required for the purpose of supplying consumers, the entry of cost must show that fact. Such services will be required to be separately reported in the annual reports of corporations to the Public Service Commission.

NOTE C.—Cost of renewing or modifying services shall not be charged to this account.

233. GAS METERS.

Charge to this account the cost of the corporation's property in all meters and appurtenances used in measuring the gas delivered to consumers.

NOTE A.—This account does not include the cost of the corporation's meters at the works; such cost shall be charged to account No. 225, "Accessory Equipment at Works," or to a sub-account thereunder.

NOTE B.—Cost of setting, removing, or re-setting such meters shall not be charged to this account.

NOTE C.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of consumers' meters temporarily withdrawn from service.

234. GAS METER INSTALLATION.

Charge to this account the labor and materials cost (exclusive of cock and connections) of the first setting of meters for determining the amount of gas delivered to consumers, in case it is the policy of the corporation to capitalize the cost of such setting.

NORM A.—Cost of removing such meters and of setting other meters substituted for them shall not be charged to this account but to account No. 684a, "Gas Meter and Installation Work".

NORM B.—This account must not include at any time the cost of installation of a greater number of consumers' meters than are actually in service.

235. MUNICIPAL STREET LIGHTING FIXTURES (GAS).

Charge to this account the cost of the corporation's property in the lamps, posts, and ancillary apparatus and appliances used in lighting streets for a municipal corporation. Such cost includes not only cost of material but also cost of first setting and coupling up. It does not include cost of removal or change of position.

NORM.—Where the municipality requires for its special benefit the extension of mains and services for street lighting, such extensions may, so long as used solely for street lighting, be charged to this account, provided a full description of the extensions so charged and the amounts charged in respect thereof be filed with the Public Service Commission on or before the date when the entry thereof is made upon the books of the corporation.

236. GAS ENGINES AND APPLIANCES.

Charge to this account the cost of the corporation's property in gas engines leased to consumers (including municipal corporations), but not of those held for purposes of sale. Such engines include all appliances for the production of mechanical motion through the consumption of gas. Also charge to this account the cost of the corporation's property in all gas stoves and other heating appliances leased to consumers, but not of those held for purposes of sale. This includes stoves, ranges, heaters, hot plates, sadirons, tailors' irons and gooses, and other like devices and appliances consuming gas for the direct production of heat.

NORM A.—The cost of setting and connecting such engines and heating appliances on the premises of consumers and the cost of re-setting or of removal shall not be charged to this account.

NORM B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of such gas engines and appliances temporarily withdrawn from service.

237. GAS TOOLS AND IMPLEMENTS.

Charge to this account the cost of all tools and implements coming within the scope of the definition of fixed capital (see paragraph 4, page 499, ante) and not covered by any of the foregoing equipment accounts.

238. GAS LABORATORY EQUIPMENT.

Charge to this account the cost of all physical and chemical apparatus used in testing and other technological work, and of all equipment in laboratories used for technological work, such as calorimetry, photometry, chemical analysis, and the like; also all equipment for testing building and other materials used in the engineering operations of the company.

NORM.—This account does not include the cost of any chemicals or other supplies, such being chargeable to the appropriate sub-account in the account "Materials and Supplies"; as consumed they shall be charged thence to the appropriate expense accounts.

239. OTHER TANGIBLE GAS CAPITAL.

Charge to this account the cost of all miscellaneous tangible gas capital not elsewhere provided for.

G281. ENGINEERING AND SUPERINTENDENCE.

Charge to this account all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work,

and all expenses incident to the work, when such disbursements can not be assigned to specific construction.

NOTE.— When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged.

G282. LAW EXPENDITURES DURING CONSTRUCTION.

Charge to this account general expenditures of the following nature incurred in connection with the construction of a gas plant: namely, the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees; and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of the right of way or other land shall be charged to account No. G110, "Land Devoted to Gas Operations". Law expenditures in connection with the organization of the corporation shall be charged to account No. 101, "Organization".

G283. INJURIES DURING CONSTRUCTION.

Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of gas plant and equipment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payments to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

G284. TAXES DURING CONSTRUCTION.

Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

G285. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

Charge to this account the salaries and expenses of executive and general officers of a gas plant under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NOTE A.— This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.— This account shall not include any costs of organization, or any costs or discounts connected with the issue and disposal of stocks, funded debt, or other securities, and commercial paper.

G286. INTEREST DURING CONSTRUCTION.

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account. To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

O110. LAND IN OTHER DEPARTMENTS.

Charge to this account the cost of the corporation's interests in land (exclusive of improvements thereon) devoted to operations other than electric operations, gas operations, railroad operations, and street railroad operations.¹ Such cost includes, *when assumed or when paid by the purchaser in its own behalf*, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired. If at the time of acquisition of such interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to operations other than the four classes above mentioned, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value, and such appraised value shall be charged to the appropriate accounts and excluded from the account "Land in Other Departments". If such improvements are held as investments, the cost (or appraised value at time of acquisition of title if the cost to the corporation is not determined in the contract of acquisition) shall be charged to the appropriate investment account. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land in Other Departments".

O102. FRANCHISES IN OTHER DEPARTMENTS.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" as is necessary to the conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O103. PATENT-RIGHTS IN OTHER DEPARTMENTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

¹ NOTE.—ELECTRIC CAPITAL, RAILROAD CAPITAL, AND STREET RAILROAD CAPITAL.—For the accounts to which shall be charged the cost of capital devoted to electric operations, see the Uniform System of Accounts for Electrical Corporations; for steam railroad operations, see the Uniform System of Accounts for Expenditures for Road and Equipment, etc., as established for Steam Railroad Corporations by the Public Service Commission; and for electric railroad and street railroad operations, see the Uniform System of Accounts for Street Railroad Corporations.

0104. OTHER INTANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of intangible capital devoted to its operations other than electric, gas, railroad, and street railroad, and not includible under any of the foregoing accounts.

0120. TANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of tangible capital devoted to its operations other than electric, gas, railroad, and street railroad.

25. Floating Capital divided into two groups.—Floating capital is divided into two great groups, of which the first is herein called *Materials and Supplies*, and the second, *Current Assets*.

26. Definitions of Floating Capital accounts.—In the following definitions the letters and figures prefixed to the titles of the accounts are no part of the titles and are inserted merely for convenience of reference:

G10. MATERIALS AND SUPPLIES.

Charge to this account the cost (including transportation) of all materials and supplies acquired by the corporation, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to account No. G286, "Interest During Construction," or to account No. G852, "Undistributed Adjustments—Balance," according as such materials and supplies are intended for construction or for operation.

The scrap value of things retired from service shall be charged to an appropriate sub-account in this account while such things remain the property of the corporation. If such scrap value is not known and can not readily be determined it shall be estimated, and errors in such estimates when determined shall be adjusted through the accounts involved if during the year in which the estimates were made; if later, then through the "Corporate Surplus or Deficit" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account and debited or credited to the operating expense account No. G852, "Undistributed Adjustments—Balance," in case they can not be assigned to specific accounts. Shortages may, however, be charged directly to "Corporate Surplus or Deficit". Where such materials and supplies have been used in construction, a suitable proportion of such shortages or overages may be debited or credited to account No. G286, "Miscellaneous Construction Expenditures".

NORM.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

1. CASH.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes

coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

2. BILLS RECEIVABLE.

Charge to this account the cost of all bills receivable (except as below provided) which are the property of the corporation and upon which solvent concerns are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomsoever issued. This account does not include investments (for which see below); nor does it include interest coupons.

3. ACCOUNTS RECEIVABLE.

Charge to this account all amounts owing to the corporation upon accounts with solvent concerns (other than banks); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

4. INTEREST AND DIVIDENDS RECEIVABLE.

Whenever the income account is stated the appropriate sub-account therein shall be credited and this account shall be charged with all accrued but not yet collected interest upon all commercial paper and accounts considered collectible held by or for the benefit of the corporation; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

5. OTHER CURRENT ASSETS.

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

27. Investments defined.—By *Investments*, as here used, are meant all properties acquired not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations at a time when it seems probable that they can not be so advantageously acquired as at the time of actual acquisition. By *bound investments* are meant those held subject to a lien of some character; by *free investments* are meant those held free of all liens.

300. INVESTMENTS.

The cost of the corporation's title to any property held as an investment shall be charged to an account entitled "Investments".

NOTE.—In the annual reports to be made to the Public Service Commission by the corporations and other persons engaged in gas operations, investments, whether bound or free, will be required to be classified with at least the following detail:

Bound investments will be required to be divided into the three classes: "Mortgaged or Pledged Investments," "Contractual Fund Investments," and "Other Bound

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Investments". Each of these three classes, and the class "Free Investments," will be required to be subdivided into the following: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlled Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments.

28. Special Deposits defined.—By *Special Deposits*, as here used, are meant amounts of money and bank credits in the hands of fiscal or other agents of the corporation for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safety deposit vaults, etc., so long as they are available for general purposes of the corporation, shall be excluded herefrom.

311. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *especially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest Accrued" account.

312. DIVIDEND SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *especially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of dividends upon the corporation's stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

313. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other *special* purposes than the payment of interest coupons and dividends. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

29. Prepayments.—When payments for taxes, insurance, rents, and the like are made in advance of the actual accrual thereof, the amount of the advance payment shall be charged to the appropriate account in this group. As such taxes, etc., accrue, the appropriate prepayment account shall be credited and the appropriate expense or other income account shall be charged.

NOTE.—By the accrual of taxes, insurance, rents, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus, if the rent fixed by contract of lease for a certain property is \$600 for a calendar year, this accrues at the rate of \$50 each month (unless it is desired to base the accrual on days, when of course the varying lengths of the months would require to be considered), regardless of the actual times when the rent matures; \$50 should thus (if the rent has been prepaid) be credited each month to the account "Prepaid Rents," and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

321. PREPAID TAXES.

When taxes are paid in advance of their accrual, the amount prepaid shall be charged to this account. As the taxes thus prepaid accrue, they shall be credited at monthly intervals to this account and charged to the appropriate taxes account. This account must not include any so called taxes, like water taxes, drainage taxes, fire taxes, etc., which are payments for special benefits received. Such payments for special benefits, where finally chargeable to operating expenses, must, when prepaid, be charged to the account "Other Prepayments".

322. PREPAID INSURANCE.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue, they shall be credited at monthly intervals to this account and charged to the appropriate expense account.

323. PREPAID RENTS.

When rents are paid in advance of the enjoyment of the term, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As the term is consumed, this account shall be credited at monthly intervals and the appropriate rent account in the income account shall be charged.

324. OTHER PREPAYMENTS.

When prepayments are made for any other thing than taxes, insurance, and rents, above provided for, such prepayments shall be charged to this account; and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited monthly to this account and charged to the appropriate expense or income account.

30. Suspense.—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which under the rules of the Public Service Commission may be spread over a period of time, or when any debit made for any other reason may be amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss, or other debit shall, except as herein otherwise directed, be charged to an appropriate account in this group of accounts.

NOTE.—By "amortization" of any charge or credit is meant its gradual extinction. The word is broader than the word "depreciation," since the latter is restricted ordinarily to tangible property. The word "depreciation" also imports more of the idea of fluctuating value and is complicated somewhat with the question of cost of replacement at market prices. Because it is considered unnecessary in connection with the gradual consumption or expiration of life of capital to consider the question of cost of replacement until the replacement is actually made, at which time the cost of replacement is duly charged to the appropriate account, and because provision is necessary for the gradual extinction of certain charges (such as those for some kinds of capital, those for extraordinary casualties, for discount on debt, etc.) to which the term "depreciation" does not well apply, it is considered advisable to use the term "amortization" in connection with the extinction of such charges, and of certain corresponding credits, such as premiums on debt outstanding.

331. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par

value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidences of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to account No. 928, "Amortization of Debt Discount and Expense," in "Income" account. Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to the account "Other Deductions from Surplus".

332. OTHER SUSPENSE.

To this account shall be made all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit".

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

31. **Securities Actually Issued and Later Re-acquired.**—For the case of securities *actually issued* by the corporation and later re-acquired by it, the following account is provided:

340. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face values to this account.

32. **Debt defined.**—The word *debt*, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt*.

33. **Funded Debt defined.**—*Funded Debt* comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

34. Unfunded Debt defined.—*Unfunded Debt* comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

35. Funded Debt accounts.—Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as *e. g.*, "First Mortgage 5% QF 10, Aug. 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture". "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds".

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page, and account whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

36. Unfunded Debt accounts.—The accounts for unfunded debt are defined as follows:

351. TAXES ACCRUED.

Credit to this account at the close of each month the taxes accrued during the month, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

352. RECEIVER'S CERTIFICATES.

When any receiver acting under the orders of a competent court is in possession of the property of the corporation and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited monthly to this account.

353. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties, and the character of the action or suit. Interest accruing upon any such judgment shall be credited monthly to this account.

NOTE.—In case of appeal and affirmance in whole or in part from which judgment of affirmance a further appeal lies, the same rule shall apply as upon entry of original judgment.

354. INTEREST ACCRUED.

Credit to this account at the close of each month the interest accrued during the month upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NOTE.—When coupon interest matures it should be transferred from the sub-account "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured". When such interest is paid out of coupon special deposits the sub-account "Coupon Interest Matured" should be charged and the account "Coupon Special Deposits" credited.

355. DIVIDENDS DECLARED.

When any dividend is declared it shall be credited to this account and here remain until it is paid, when it shall be charged to this account and credited to "Cash" or other suitable account.

356. BILLS PAYABLE.

When any note, draft, or other bill payable which matures not later than one year after date of issue (or of demand), or after assumption by the corporation of primary liability thereon, is issued or assumed, the par value thereof shall be credited to this account, and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account.

G357a. CONSUMERS' DEPOSITS — GAS.

Credit to this account, as such deposits are made, all cash deposited with the corporation by consumers as security for the payment of gas bills. Deposits refunded shall be charged to this account and credited to "Cash". Deposits applicable to uncollectible or worthless gas bills shall, at the close of the fiscal year (or earlier, at the option of the accounting corporation), be credited to the account of the consumer involved and debited to this account.

357b. OTHER ACCOUNTS PAYABLE.

Credit to this account when incurred all liabilities of the corporation upon open accounts, except those provided for in the foregoing account "Consumers' Deposits".

368. OTHER UNFUNDED DEBT.

Credit to this account at face value all unfunded debt upon which the corporation is liable and which is not elsewhere provided for.

37. Reserves.—Reserves shall be classified as *Permanent* and *Temporary*.

38. Permanent Reserves defined.—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. Permanent reserves shall be classified into the two classes: *Premiums on Stocks* and *Other Permanent Reserves*.

371. PREMIUMS ON STOCKS.

Premiums on stocks shall be sub-classified with respect to the several classes of stocks, for definitions of which see accounts under the head "Stocks". A sub-account shall be kept for each particular class of stocks, and such sub-accounts shall be severally entitled:

Premiums on Debenture Stocks,

Premiums on First Preferred Stocks,

Premiums on Second Preferred Stocks, etc., and

Premiums on Common Stocks.

When a premium is realized upon an issue of any particular class of stock, such premium shall be credited to the sub-account above provided for such class of stock, and such credit shall remain in such account so long as such stock remains outstanding. By the *premium realized* (as the words are above used) is meant the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value thereof shall be considered the premium realized.

372. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account shall be created for each particular purpose for which a reserve is raised, and the purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

39. Temporary Reserves defined.—By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. Temporary Reserves shall be classified as *Contractual Reserves* and *Non-contractual Reserves*.

40. Contractual Reserves defined.—*Contractual Reserves* are reserves necessitated by contracts of the corporation, as *e. g.*, reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account shall be raised for each particular contractual reserve, and to such account shall be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

41. Non-contractual Reserves defined.—*Non-contractual Reserves* are such temporary reserves as are raised without being required under any contract. Non-contractual reserves are divided into *Required* and *Optional*.

42. Required Reserve accounts.— Required reserves are provided for in the following accounts:

374. ACCRUED AMORTIZATION OF CAPITAL.

Credit to this account such amounts as are charged from time to time to "Operating Expenses," or other accounts to cover depreciation of plant and equipment, and other amortization of capital. When any capital is retired from service, the original money cost thereof (estimated if not known, and where estimated, that fact and the facts upon which the estimate is based shall be stated in the entry), less salvage, shall (except as provided in account No. G100, "Fixed Capital, December 31, 1908,") be charged to this account. The amount originally entered or contained in the charges to any capital account in respect of such capital so going out of service shall be credited to such capital account, and any necessary adjusting entry made to the appropriate sub-account under the account "Corporate Surplus or Deficit".

375. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidences of indebtedness and the accrued interest shall be credited to this account. At monthly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity shall be charged to this account and credited to "Amortization of Premium on Debt" in "Income" account; or at the option of the corporation the charge to this account may be delayed to a time not later than the date of maturity of the debt, in which case the proportion applicable to the period covered by the then current income account shall be credited to the account "Amortization of Premium on Debt," and the remainder of the credit shall be to the account "Other Additions to Surplus".

376. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve shall show the purpose of the reserve, and every subsequent entry with respect to that reserve shall designate the reserve to which it relates.

43. Optional Reserve accounts.— *Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

381. CASUALTIES AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account,

in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualties and Insurance Reserve". Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

382. OTHER OPTIONAL RESERVES.

A sub-account shall be raised for each particular reserve, and its title shall designate the purpose of such reserve and the first entry therein shall express in full such purpose.

44. **Stocks defined.**—By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

45. **Stocks classified.**—Stocks are classified as—
Debenture Stocks,
First Preferred Stocks,
Second Preferred Stocks, etc., and
Common Stocks.

46. **Debenture Stocks defined.**—*Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

47. **First Preferred Stocks defined.**—*First Preferred Stocks* are those which have the first claim upon such dividends as may be distributed. They may be cumulative or noncumulative, participating or nonparticipating. If *cumulative*, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends until satisfied; if *noncumulative*, such amount lapses. If a first preferred stock is *participating*, it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if *nonparticipating*, it is limited to the stipulated rate.

48. **Second Preferred Stocks defined.**—*Second Preferred Stocks* are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or noncumulative, participating or nonparticipating.

49. **Common Stocks defined.**—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

50. **Voting Powers.**—Stocks differ also in regard to the voting powers incident to ownership of them.

51. **Retirement of Stocks.**—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

52. **Separate account required for each class of stocks.**—In the accounts of stocks outstanding, a separate account shall be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they

are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks, and shall be clearly expressed in the first entry in such account. To the account for any class of stocks shall be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other consideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be by him disposed of for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess shall be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

SCHEDULE B.

INCOME ACCOUNT.

1. **Income and Indicant accounts compared.**—A comparison of the balances in the foregoing accounts (Schedule A) at any particular moment will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the *Balance Sheet* or *Indicant* accounts. Their balances indicate the condition of the corporation at any particular time. These accounts with their subsidiary accounts are all that are necessary prior to the time when the corporation becomes what may be called a "going concern".

When a corporation begins operations it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the *Income* account. They are made up usually on a yearly basis and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group.

2. **Divisions of Income account.**—The principal divisions of this group of accounts are the *Revenue* accounts, the *Revenue Deduction* accounts, the *Income Deduction* accounts, and the *Appropriation* accounts.

3. **Revenues defined.**—By *Revenues*, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interests in property). Revenues are classified as *Operating Revenues* and *Non-operating Revenues*.

4. **Operating Revenues defined.**—*Operating Revenues* are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its own operations.

5. **Non-operating Revenues defined.**—*Non-operating Revenues* are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as *Rents*, *Interest*, *Dividends*, and *Miscellaneous*.

6. **Revenue Deductions defined.**—*Revenue Deductions* include *Expenses*, *Taxes*, and *Uncollectible Bills*.

7. **Expenses defined.**—*Expenses* are those outgoes (including capital consumed) necessary to the production of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into *Operating Expenses* and *Non-operating Expenses*. *Operating Expenses* are those incident to the operating revenues.

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8. **Taxes defined.**—*Taxes* are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. **Uncollectible Bills defined.**—When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity (as *e. g.*, electric energy or gas for light, heat, or power), current accounts or claims against such consumers for such service rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills*.

10. **Gross Income, Income Deductions, and Net Corporate Income defined.**—Revenues, diminished by expenses, taxes, and uncollectible bills, give an amount called *Gross Income*, which is applicable to corporate and leased properties. Gross income is subject to several compulsory deductions, mostly contractual, like rent, interest, etc., and the remainder after these are made is called *Net Corporate Income*, which being subject only to the discretion of the corporation is most conveniently carried directly to the corporate surplus. The accounts covering the compulsory deductions from gross income, as above defined, are called the *Income Deduction* accounts.

11. **Appropriation accounts defined.**—The accounts covering the yearly changes in the corporate surplus are called the *Appropriation* accounts, since practically all of the matters covered by them are within the discretion of the corporation, although they also include certain adjustments made because of facts of previous years imperfectly accounted for at the time (whether through error or through lack of information), and certain other minor matters like extraordinary expenses not chargeable as deductions from revenues; also such matters as profits on the sale of capital, and profits and losses on the sale of investments.

12. **Definitions of Gas Operating Revenue accounts.**—Credits to the various revenue accounts shall be made upon the basis of bills rendered or of gross prices. Discounts for prompt payment, corrections of overcharges, overcollections theretofore credited and afterward corrected, authorized abatements and allowances, and other corrections and deductions shall be charged to the revenue account to which they relate. In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

431. MUNICIPAL STREET LIGHTING — GAS.¹

Credit to this account all revenues derived from lighting streets for municipal corporations by means of gas, or from supplying gas therefor.

NOTE.—In the foregoing account the word "streets" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

432. LIGHTING MUNICIPAL BUILDINGS — GAS.

Credit to this account all revenues derived from lighting municipal buildings by means of gas, or from gas supplied for such purposes, or for heat or power in municipal buildings where such gas is supplied at lighting rates and is not separately measured.

¹ Charges to this and the following revenue accounts must be made in such wise as to permit their classification in the annual report of the corporation to the Public Service Commission.

433. MUNICIPAL HEAT AND POWER — GAS.

Credit to this account all revenues derived from municipal corporations for gas supplied at special heat or power rates to such corporations for the production of heat and power.

434. MISCELLANEOUS GAS REVENUE — MUNICIPAL.

Credit to this account all revenues derived from supplying gas to municipal corporations and not provided for in the foregoing accounts; also those from the letting of engines and other gas equipment to such corporations.

435. PREPAID GAS.

Credit to this account all revenue derived from the sale of prepaid gas delivered through so-called "prepayment meters".

436. COMMERCIAL METERED LIGHTING — GAS.

Credit to this account all revenues derived from all consumers except municipal corporations for gas measured through ordinary meters and supplied for lighting at lighting rates.

NOTE A.—Where gas flowing through any ordinary meter is used by any other consumer than a municipal corporation for lighting and incidentally for heating or power purposes, the revenues derived therefrom shall be credited to this account.

NOTE B.—This account does not include gas sold or supplied to other gas corporations for distribution; for such gas, see account No. 438, "Other Gas Corporations".

437. COMMERCIAL HEAT AND POWER — GAS.

Credit to this account all revenues derived from all consumers except municipal corporations for gas supplied for heat or power at special heat or power rates.

NOTE.—This account does not include gas sold or supplied to other gas corporations for distribution; for such gas, see account No. 438, "Other Gas Corporations".

438. OTHER GAS CORPORATIONS.

Credit to this account all revenues derived from gas sold or supplied to other gas corporations to be by them distributed through their own pipes to consumers. If any portion of such gas is incidentally consumed by such corporations for their own benefit, whether for light, heat, or power, it shall be included herein, if not separately measured, or if included under the same contract with that which is distributed by them to consumers.

439. COMMISSIONS ON OTHERS' GAS.

Credit to this account all revenue accruing to the corporation for distributing gas of other companies through its pipes and selling the same, and for all other services performed in connection therewith.

NOTE.—In case the corporation distributes through its pipes the gas of another company, the corporation shall charge "Cash" or the appropriate sub-account (or accounts) under "Accounts Receivable" with the value of the gas of such other company supplied by the corporation to consumers, and shall enter a corresponding credit to a clearing account "Gas Supplied by (blank) Company and distributed by this Corporation," [or, "by (blank)," naming the corporation keeping the account] which account shall be cleared monthly by charging to such clearing account the amount necessary to balance, and crediting to the account "Commissions on Others' Gas" the corporation's proportion of the total revenue, and to the account of the company supplying such gas to the corporation that company's proportion of such total revenue.

440. RENT OF GAS APPLIANCES.

Credit to this account all revenues derived from the letting of gas engines, heating appliances, lamps, and other gas apparatus and appliances (except

meters) to others than municipal corporations. Where the contract of letting names only a single consideration for both the letting and the maintenance of the appliances so let, the entire revenue shall be included in this account.

441. GAS MERCHANDISE AND JOBBING REVENUE.

Credit to this account all receipts from the sale of gas merchandise and from gas jobbing. Charge to this account the cost to the accounting corporation of gas merchandise sold, such cost including transportation charges paid on such goods.

Credit also to this account the profit or commission accruing to the corporation on all jobbing work performed by it as agent under agency contracts, whereunder it undertakes to do jobbing work for another for a stipulated profit or commission upon its actual expense for labor, materials, and supplies.

NOTE A.—In its annual reports to the Public Service Commission the reporting corporation will be required to analyze the credits and debits to this account.

NOTE B.—This account does not include receipts from the sale of superseded equipment, or of junk or other scrap or salvage.

442. SALE OF RESIDUALS AND BYPRODUCTS.

Credit to this account all revenue derived from the sale of residuals and byproducts.

This account shall be so kept as to enable the corporation to show in its annual report to the Public Service Commission the amounts of revenue derived from the following sources:

- Sale of Gas Coke,*
- Sale of Coal-gas Tar,*
- Sale of Water-gas Tar,*
- Sale of Ammoniacal Liquor,*
- Sale of Other Residuals and Byproducts.*

NOTE A.—The amount of revenue from the sale of any residual or byproduct shall be determined by the price received at the point of delivery to the purchaser, and any expense incurred by the corporation in effecting delivery shall be charged to the appropriate operating expense account.

NOTE B.—Residuals and byproducts consumed by the corporation shall not be credited to the account "Sale of Residuals and Byproducts".

443. JOINT GAS RENT REVENUE.

When any corporation engages in gas operations for the production of some of its product for the benefit of another or others under an arrangement for apportioning the expense upon the basis of the relative amounts of benefit to the several participants in the arrangement, if such arrangement provides for the receipt by the corporation of any profit or return upon its property, such profit or return upon property shall, as it accrues, be credited month by month to this account. Such profit or return must be over and above any provision for wear and tear and depreciation of plant involved in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

444. OTHER MISCELLANEOUS GAS REVENUE.

Credit to this account all revenues derived from others than municipal corporations for the supply of gas and from other gas operations not includible in any of the foregoing accounts.

13. **Revenue from Outside Operations.**—The detailed revenue accounts for operations other than the above mentioned will be provided for elsewhere.

14. **Operating Expenses defined.**—By the *operating expenses* of a corporation are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of the commodities produced, and to the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived are excluded from operating expenses.

15. **Definitions of certain terms used in connection with expense accounts.**—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

16. **Definitions of Gas Operating Expense accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

GENERAL ACCOUNTS.

I. Production Expenses.

II. Transmission and Distribution Expenses.

III. Municipal Street Lighting Expenses.

IV. Commercial Expenses.

V. General and Miscellaneous Expenses.

I. PRODUCTION EXPENSES.

NOTE.—In case the accounting corporation operates two or more separate and distinct plants for the production of gas, it will be required to keep (with the detail herein prescribed) separate accounts covering production at the several plants. In case the circumstances of any corporation make it impracticable to allocate the cost of its works labor among the accounts below prescribed, it should petition the

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Public Service Commission for permission to consolidate two or more of them. Such application must set out in full the facts which in the judgment of the petitioner make such allocation impracticable.

601a. WORKS SUPERINTENDENCE.

Charge to this account the cost of labor of the engineer in charge of works and his assistants, also day and night foremen and station clerks.

601b. BOILER HOUSE LABOR.

Charge to this account the cost of labor employed in weighing and handling coal, coke, and breeze from place of storage to boilers; labor employed in operating boilers and engines (including such labor as that of shovellers, weighers, boiler firemen and engineers, and oilers); and labor employed in pumping oil tar from generators through separators to storage tanks, and from storage tanks to boilers. Include also such labor as that of pump house men.

601c. RETORT HOUSE LABOR.

Charge to this account the cost of labor employed in firing benches, charging and re-charging retorts, patching and scouring retorts, cleaning pipes and lids, quenching and handling coke used under benches, and handling coal from place of storage to retort house. This includes such labor as that of foremen, firemen, furnacemen, retort and boiler tenders, patchers, pipemen, lid cleaners, coke quenchers, guymen, riggers, shovellers, and wheelers.

601d. GENERATOR HOUSE LABOR.

Charge to this account the cost of labor employed in weighing and handling coal and coke from place of storage to charging floor, and in operating, firing, clinkering, and cleaning generators. This includes such labor as that of shovellers, weighers, pumpers, generator firemen, and runners.

601e. PURIFIER HOUSE LABOR.

Charge to this account the cost of labor employed in changing purifier boxes, revivifying oxide, and removing spent oxide to refuse pile. This includes such labor as that of foremen and laborers.

601f. MISCELLANEOUS LABOR AT WORKS.

Charge to this account the cost of general labor in and about the works not specifically engaged in the manufacture of gas, such as that of watchmen, janitors, and messengers, laborers employed in cleaning up yards, removing snow, and cleaning out refuse pile.

602. BOILER FUEL.

Charge to this account the cost (in storage pile) of fuel used under boilers. This includes cost of fuel used, freight, demurrage charges, and labor and cartage in discharging and transferring fuel from point of shipper's delivery to place of storage.

NOTE.—If boiler fuel is delivered from point of shipper's delivery to boilers by other than boiler house labor, cost of such labor should be added to cost of fuel.

603. WATER.

Charge to this account the cost of water used for gas production.

604a. FUEL UNDER RETORTS.

Charge to this account the cost (in storage pile) of fuel used under retorts. This includes cost of fuel used, freight, demurrage charges, and labor and

cartage employed in discharging and transferring fuel from point of shipper's delivery to storage pile.

NOTE.— If fuel is delivered from storage to retort house by other than retort house labor, cost of such labor should be added to cost of fuel.

604b. COAL CARBONIZED.

Charge to this account the cost (in storage pile) of gas coal used in retorts. This includes invoice cost of coal used, freight, demurrage charges, and labor and cartage employed in discharging and transferring coal from point of shipper's delivery to storage pile.

NORM.— If coal is delivered from storage to retort house by other than retort house labor, cost of such labor should be added to cost of coal.

605. COAL GAS ENRICHER.

Charge to this account the cost (in storage) of enricher materials used in enriching coal gas. This includes cost of enricher used, freight, demurrage charges, and labor and cartage employed in transferring enricher from point of shipper's delivery to storage.

606. GENERATOR FUEL.

Charge to this account the cost (in storage pile) of fuel used in generators. This includes invoice cost of fuel used, freight, demurrage charges, and labor and cartage employed in discharging and transferring fuel from point of shipper's delivery to storage pile.

NORM.— If generator fuel is delivered from storage to generator house by other than generator house labor, cost of such labor should be added to cost of generator fuel.

607. WATER GAS OIL.

Charge to this account the cost (in storage tanks) of gas oil or naphtha used in making water gas. This includes invoice cost of oil used, freight, demurrage charges, and labor and cartage employed in getting oil from point of shipper's delivery to storage tanks.

608. PURIFICATION SUPPLIES.

Charge to this account the cost of material used in gas purification. This includes the average cost of oxide actually used (the invoice cost and freight, plus shavings, plus labor and cartage necessary to store it, plus the cost of mixing it), and the invoice cost of lime actually used.

609. MISCELLANEOUS WORKS EXPENSE.

Charge to this account the cost of sundry supplies and expenses in connection with the works not includible in other accounts. This includes lubricating oil, waste and packing, and other small materials of like nature used in gas production; also incidental items, such as telephone, ice, brooms, mops, kerosene, soap, towels, and similar expenses.

610. REPAIRS OF WORKS AND STATION STRUCTURES.

Charge to this account the cost of all repairs of works and station structures, including permanent piers and other foundations. Such structures include retort houses, generator houses, purifier houses, engine houses, boiler houses, meter houses, coal sheds, coke sheds, tar houses and wells, oil tanks, and other structures for storage of fuel to be consumed or carbonized in the production of gas and the operations auxiliary thereto; structures for residuals and byproducts; appurtenant walks, fences, drives, tramways, trestles, etc., and all fixtures permanently attached to such structures and made a part

thereof; also all buildings, holder houses, and other structures at outlying holder stations, except the holders and their appurtenances.

NOTE.—Repairs of short-lived and specially provided foundations and settings for furnaces and boilers, steam engines, gas engines, pumps, generators, benches, condensers, washers, scrubbers, purifiers, etc., shall not be included herein. Such foundations and settings and the apparatus and machinery to which they pertain are not intended to be included under the term fixtures as above used. Nor shall repairs of gas holders be included in this account.

G508. REPAIRS OF FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of repairing all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in producing gas and in furnishing motive power in gas works and stations. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators; and pipes for conducting steam from the boiler to the engine, to condensers, or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

G509. REPAIRS OF STEAM ENGINES.

Charge to this account the cost of repairing all steam engines devoted to use as prime movers in gas works. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor, also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe.

G511b. REPAIRS OF GAS ENGINES.

Charge to this account the cost of repairing all gas engines devoted to use as prime movers in gas works and stations. This includes the specially provided foundations and settings of such engines. The engine includes the inlet valve, governor, and ignition and starting apparatus, but not the pipe leading from the gas holder, nor the exhaust pipe.

G513. REPAIRS OF MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of repairing all miscellaneous power plant equipment at gas works which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the apparatus operated, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

611. REPAIRS OF BENCHES AND RETORTS.

Charge to this account the cost of all repairs of benches, including the retorts and their settings, and auxiliary piping, including ascension pipes, and foul and hydraulic mains.

G511a. REPAIRS OF WATER GAS SETS AND ACCESSORIES.

Charge to this account the cost of repairing all water gas generators and accessories devoted to the production of gas, the specially provided foundations

and settings for such water gas sets, and the flues leading therefrom to smoke-stacks and chimneys. This account includes not only generators, carbureters, superheaters, seals, and piping connected therewith, but also blast apparatus, oil and steam supplying apparatus, oil heaters, etc. It does not include pipes whose primary purpose is the warming of buildings.

612. REPAIRS OF PURIFICATION APPARATUS.

Charge to this account the cost of all repairs of the apparatus for purifying gas, including condensers, washers, scrubbers, purifiers, tar extractors, etc., and their specially provided foundations and settings.

613. REPAIRS OF HOLDERS.

Charge to this account the cost of all repairs of gas holders and appurtenances at works and of those at district stations.

NOTE.—Repairs of holder housings shall be charged to account No. 610, "Repairs of Works and Station Structures".

614. REPAIRS OF MISCELLANEOUS EQUIPMENT.

Charge to this account the cost of repairing all accessory equipment and apparatus used in the production and storage of gas not specifically provided for in the foregoing accounts. This account includes repairs of exhausters, station meters, governors, etc.; apparatus for charging retorts; conveyors for disposing of coke and other products and residuals; tar and ammonia apparatus, pumps, pipes, tanks, etc.

615. REPAIRS OF WORKS TOOLS.

Charge to this account the cost of repairing such tools and implements used in the production and storage of gas as have been capitalized.

616. GAS STORAGE.

Charge to this account the cost of labor and material (except repairs) employed in storing and regulating the flow of gas to distributing mains by holder pressure. This includes labor of firemen, engineers, valvemen, and superintendents when engaged on gas storage; and cost of coal, coke, water, and incidentals.

617. GAS FROM OTHER SOURCES.

Charge to this account the cash purchase price of gas bought from other companies for distribution through the system of the accounting corporation also the corporation's proportion of the cost of production (including maintenance, but not including any pure rent or return upon the value of property employed) of gas produced by another concern for the use of the corporation under any joint arrangement for the sharing of expense upon the basis of the relative amounts of benefit to the several participants.

II. TRANSMISSION AND DISTRIBUTION EXPENSES.

631. TRANSMISSION PUMPING.

Charge to this account the cost of pumping gas through mains to the distribution system, including inspection and regulation of booster governors.

NOTE.—In gas operations, when gas is delivered to the supply system outside the works at substantially works pressure, the pipe system, including mains, feeders, and services (and supply pipes to outlying holders, if any), shall all be classed in the distribution system. When the pressure is raised by means of boosters and the gas is delivered to the pipes at higher than works pressure, and is later reduced in pressure and delivered to the distribution system proper, that portion of the pipe system used for conducting gas at the raised pressure shall be classed as the transmission system.

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632. DISTRIBUTION SUPERINTENDENCE.

Charge to this account the cost of all labor employed in superintending the operation of the street department, fitting and repair shops, including the salaries of superintendents, foremen, clerks, timekeepers, messengers, watchmen, and janitors employed in the distribution department.

633. DISTRIBUTION SUPPLIES AND EXPENSES.

Charge to this account the cost of office maintenance and incidental expenses of the street and shop departments, including light, heat, telephone, water, ice, etc.

NOTE.—When the distribution office is combined with the works office or commercial office, charges like rent, light, etc., should be divided between them in a fixed ratio, based upon the relative amounts of use.

634a. GAS METER AND INSTALLATION WORK.

Charge to this account the cost of labor employed and material used in locking and unlocking meters, building inspection, pumping drip, cleaning service or house pipe with pump; setting, removing, re-setting and changing position of meters, and temporary repairs of leaks in house piping.

634b. WORK ON CONSUMERS' PREMISES.

Charge to this account the cost of installing gas stoves and other appliances on the premises of consumers, and of work done for consumers in maintaining the efficiency of their service, including complaint work and other work done in houses beyond the end of the meter outlet connection. This includes the cost of adjusting or changing location of house pipes, gas burners, fixtures, stoves and appliances, and the cost of new pillars, tips, burners, or devices not chargeable to repair accounts; it does not include such installation expense items as are provided for in the preceding account.

Credit to this account the cost element of receipts for jobbing work which the accounting corporation has performed as agent under agency contracts.

NOTE A.—Any profit or commission accruing to the corporation on jobbing work performed as agent shall be credited to account No. 441 "Gas Merchandise and Jobbing Revenue"; to that account shall also be credited all receipts from gas jobbing not done under agency contracts.

NOTE B.—Credits and debits to this account must be analyzed in annual reports to the Public Service Commission.

635. REPAIRS OF GAS MAINS.

Charge to this account the cost of labor and material employed in repairing mains. This includes labor of foremen, inspectors, caulkers, tappers, pavers, drillers, skilled laborers, general laborers, and similar workers on street department payrolls, while engaged in repairing, altering, overhauling, changing position of or removing street mains; protecting exposed or undermined mains, searching for and repairing leaks in mains, and paving over any of the above work; also material and cartage in connection with the above work.

NOTE.—This account must be so kept as to enable the corporation to show separately in its annual report to the Public Service Commission the cost of repairing trunk lines and mains used for transmission of gas, and the cost of repairing those used for distribution.

In gas operations, when gas is delivered to the supply system outside the works at substantially works pressure, the pipe system, including mains, feeders, and services (and supply pipes to outlying holders, if any), shall all be classed in the distribution system. When the pressure is raised by means of boosters and the gas is delivered to the pipes at higher than works pressure, and is later reduced in pressure and delivered to the distribution system proper, that portion of the pipe system used for conducting gas at the raised pressure shall be classed as the transmission system.

636. REPAIRS OF GAS SERVICES.

Charge to this account the cost of labor and material employed in repairing services. This includes the same classes of labor as shown in account No. 635, "Repairs of Gas Mains," while engaged in repairing, altering, removing, re-laying, cutting off, increasing the size of and changing the position of services; searching for and repairing leaks in services; and paving over any of the above work; also material and cartage in connection with the work shown above.

637. REPAIRS OF GAS METERS.

Charge to this account the cost of testing and repairing consumers' meters.

638. REPAIRS OF DISTRIBUTION TOOLS.

Charge to this account the cost of sharpening and repairing such tools and implements as have been charged to capital accounts, and are used in the street department and the fitting and repair shops.

639. REPAIRS OF GAS APPLIANCES.

Charge to this account the cost of repairs of gas lamps, stoves, engines, and other appliances owned by the corporation and rented to consumers.

III. MUNICIPAL STREET LIGHTING EXPENSES.

641. STREET LAMP OPERATING.

Charge to this account the cost of labor employed in cleaning and lighting street lamps, and extinguishing street lights; in inspecting and supervising the street lighting district; in reporting on re-lights and discontinues, and watching the hours of lighting and extinguishing; and the incidental expenses of street lamp operating.

642. STREET LAMP REPAIRS.

Charge to this account the cost of labor and material consumed in fitting up new lamp posts, re-fitting standpipes, cleaning services, cutting off services, re-caulking columns, removing posts, re-setting posts, re-fitting columns, straightening posts, and all other work of a similar character necessary to maintain the street lighting system to the degree of efficiency required by the city; also re-paving over openings made necessary by such work.

IV. COMMERCIAL EXPENSES.

G551. COMMERCIAL ADMINISTRATION — GAS.

Charge to this account all matters provided for under the following heads:

a. *Commercial Department General Labor:* This head includes the cost of labor of superintendents and assistants, chief clerks, stenographers, general clerks, high bill clerks, switchboard operators, messengers, janitors, and watchmen employed in the commercial department.

b. *Commercial Department Accounting:* This head includes the cost of labor of bookkeepers and clerks employed on consumers' accounts.

c. *Commercial Department Contracts:* This head includes the cost of labor of clerks and other employees in the application or contract bureau.

d. *Commercial Department Collecting:* This head includes the cost of labor of regular and prepayment collectors.

e. *Meter Reading:* This head includes the cost of labor of meter readers.

f. *Commercial Office Supplies and Expenses:* This head includes the cost of supplies and the incidental expenses of the commercial office.

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G552. PROMOTION OFFICE EXPENSE—GAS.

Charge to this account the matters prescribed under the following heads:

a. *Promotion Management*: This covers the cost of administration of the department maintained for the promotion or development of gas consumption, including that portion of the salaries and expenses of management and clerks in agency and contract departments assignable to new business.

b. *Demonstrations*: This covers the cost of labor and expenses incurred in exhibiting and demonstrating the use of gas appliances for the purpose of obtaining new business.

c. *Other Promotion Office Expense*: This covers the office expenses of the promotion or new business department.

G553. ADVERTISING—GAS.

Charge to this account the matters prescribed under the following heads:

a. *Advertising Salaries and Expenses*: This covers the salaries and personal expenses of the advertising manager and clerks.

b. *Advertising Sundries*: This covers the cost of commercial advertising sundries, including booklets, dodgers, newspaper advertisements, posters, bulletins, and all related items.

NOTE.—This account does not include the expense of advertising residuals, such being chargeable to the proper residual expense account.

G554. CANVASSING AND SOLICITING—GAS.

Charge to this account all expenses incurred in soliciting new business, including wages, commissions, and personal expenses of canvassers, cost of preparing estimates, engineering advice on gas installation, etc., and office sundries in connection therewith.

V. GENERAL AND MISCELLANEOUS EXPENSES.

G823. SALARIES OF GENERAL OFFICERS.

Charge to this account the salaries of the chairman of the board, president, vice president, treasurer, secretary, comptroller, general auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system and whose services can not be satisfactorily allocated to the several departments.

G824. SALARIES OF GENERAL OFFICE CLERKS.

Charge to this account the salaries and wages of general office auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, and all other clerks employed in the general office.

NOTE.—Cost of labor of clerks in the commercial department shall be charged to account No. G551, "Commercial Administration—Gas".

G825. GENERAL OFFICE SUPPLIES AND INCIDENTAL EXPENSES.

Charge to this account the cost of office supplies, repairs of office furniture, and renewals of such furniture as has not been capitalized; wages of janitors, porters, and messengers; rent of rooms in office buildings and repairs of such rented rooms; traveling and incidental expenses of general officers and other general office employees; and all other miscellaneous expenses of general offices. Office expenses of departmental officers must be charged to the proper departmental accounts.

NOTE A.—Rents charged to this account will be required to be reported separately.

NOTE B.—This account does not include cost of telegrams or of telephone service.

G836. GENERAL LAW EXPENSES.

Charge to this account all law expenses except those incurred in the defense and settlement of damage claims. This includes salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work, should be properly apportioned between this account and account No. G847b, "Law Expenses Connected with Damages".

G837. MISCELLANEOUS GENERAL EXPENSES.

Charge to this account the cost of telephone service, telegrams, and other miscellaneous expenses connected with the general management not otherwise provided for.

G838. INSURANCE.

Charge to this account premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

NOTE.—In their reports to the Public Service Commission corporations will be required to report the charges made to this account for the various kinds of insurance, and for self-insurance.

G839a. RELIEF DEPARTMENT EXPENSES.

Charge to this account all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

G839b. PENSIONS.

Charge to this account all pensions paid to retired employees, and expenses in connection therewith.

G840. GAS FRANCHISE REQUIREMENTS.

Charge to this account the cost of all gas and other materials and supplies furnished to municipal corporations in compliance with franchise requirements and for which no payment is received by the corporation; also of all direct expense, such as paving and other like matters, incurred in compliance with such requirements and for which no reimbursement is received by the corporation. Amounts charged to this account for which there is no direct money outlay shall be credited to the below provided account No. G853, "Duplicate Gas Charges — Cr."

G841. RESIDUALS EXPENSE.

Charge to this account all expense specially incurred in connection with the utilization and sale of residuals and byproducts, such as coke, tar, ammonia, carbon, and other residuals and byproducts, etc.

NOTE.—Charges to this account must be made in such wise as to enable the corporation to show separately the following matters:

a. *Coke expense*, including the cost of all labor and supplies specially consumed and expense specially incurred in the disposal of coke over and above what would be necessitated by such disposition if the coke were not sold. This includes the cost of any special preparation of the coke for sale and the cost of hauling such coke to points of delivery.

b. *Tar expense*, including the cost of all labor and supplies specially consumed and all expense specially incurred in the disposition of tar over and above the expense that would be involved if such tar were consumed by the corporation. If

both coal gas and water gas are manufactured, and the resulting tars are separately disposed of, the tar expense shall be stated for each.

c. *Ammonia expense*, including the cost of all labor and supplies specially consumed and all expense specially incurred in the preparation and sale of ammonia or ammoniacal liquor over and above what would be involved if such liquor were consumed or wasted by the corporation.

d. *Other residuals and byproducts expense*, including the cost of all labor and supplies specially consumed and expense specially incurred in the preparation and disposition of other residuals and byproducts than those provided for under the foregoing three heads, over and above what would be involved if such residuals and byproducts were consumed by the corporation or wasted.

e. *Other miscellaneous expense* connected with gas operations and not elsewhere provided for.

G842. GENERAL AMORTIZATION — GAS.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the month in the tangible gas capital of the corporation, such portion of the life of intangible fixed capital as has expired or been consumed during the month, and the amount estimated to be necessary to provide a reserve to cover the cost of property destroyed by extraordinary casualties; less the amounts charged for that month to the various repair accounts in Gas Operating Expenses. The amount charged (or credited) to this account shall be concurrently credited (or charged) to the reserve account No. 374, "Accrued Amortization of Capital". (See page 26.)

Norm A.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of amount of gas sold. Amortization of intangible capital shall likewise be based on rule. Whatever may be its basis, such rules and a sworn statement of the facts and expert opinions and estimates upon which they are based shall be filed with the Public Service Commission on or before January 1, 1909; each amendment of any such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Amortization of Capital".

Norm B.—When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. G100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the reserve account, "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit". Where capital is substantially continuous and can not be satisfactorily individualized, it shall be kept in efficient operating condition through repair, and the renewals and replacements of parts thereof shall be considered repairs. In the case of buildings, towers, bridges, trestles, and other separate structures capable of being readily individualized, charges to this account must be sufficient to provide (in respect of such capital and except as provided in account No. G100, "Fixed Capital, December 31, 1908,") in the account "Accrued Amortization of Capital" by the time such structures go out of service a reserve equal to the original money cost thereof, less salvage, to which account such original cost, less salvage, shall be charged.

G845. GAS EXPENSES TRANSFERRED — CR.

Credit to this account the proportion of operating expenses (including depreciation and other amortization as well as repairs) chargeable to other

coördinate departments (such as electric or street railroad) within the same corporation, but defrayed in the first instance by the gas department.

NOTE.—Do not credit to this account any allowance in the nature of rent or return upon the cost or value of property.

GB46. JOINT OPERATING EXPENSE—CR.

When any plant or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the operating expenses, the portion of such expenses chargeable to others under the arrangement shall be credited to this account. The portion so credited must not include any allowance for profit or return upon the value of such property.

NORM A.—The foregoing should be read in connection with the definition of revenue account No. 443, "Joint Gas Rent Revenue".

NORM B.—In the case of the production of gas part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to the appropriate revenue account covering the sale of gas. (See account No. 438, "Other Gas Corporations.")

GB47a. ACCIDENTS AND DAMAGES.

Charge to this account all expenses (other than law expenses provided for in the succeeding account) on account of persons killed or injured and property damaged in connection with the operation of the plant, as enumerated under the following heads, which must be separately shown in annual reports to the Public Service Commission:

a. *Claim Department Expense:* This head includes salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

b. *Medical Expenses:* This head includes salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

c. *Injuries to Employees:* This head includes amounts paid in settlement of claims of employees for injuries arising in the course of their employment; also wages paid to disabled employees while off duty.

d. *Other Personal Injuries and Property Damage:* This head includes amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the plant, and amounts paid in settlement of claims for damage to property not owned by the accounting corporation.

e. *Other Accident Expenses.*

NOTE.—If it is desired that the charge to operating expenses on account of injuries and damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

GB47b. LAW EXPENSES CONNECTED WITH DAMAGES.

Charge to this account all law expenses in connection with the defense or settlement of damage claims, including—

a. *Salaries and Expenses of Attorneys:* A proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work.

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b. Court Costs and Expenses: Fees of court stenographers, expenses connected with taking depositions, and other court expenses.

c. Law Printing: Cost of law books, and cost of printing briefs, court records, and similar papers.

NORM A.—In their annual reports to the Public Service Commission corporations will be required to classify the charges to this account under the three heads, (a), (b), and (c), above given.

NORM B.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account No. G836, "General Law Expenses".

NORM C.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

G848. GENERAL STATIONERY AND PRINTING.

Charge to this account all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing briefs and other legal papers shall be charged to account No. G836, "General Law Expenses," or G847b, "Law Expenses Connected with Damages," in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter shall be charged to account No. G553, "Advertising — Gas".

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized, shall, if for use in general offices, be charged to account No. G825, "General Office Supplies and Incidental Expenses"; or if for the use of departmental officers, to the proper departmental accounts.

G850. STORE EXPENSES.

Charge to this account all salaries and expenses in connection with storerooms, including cost of sending materials and supplies from general storerooms to branch storerooms, and the collection of scrap material.

G851. STABLE EXPENSES.

Charge to this account the cost of feed, keep, and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses; also the cost of repairing harness and vehicles.

NORM.—The cost of horses purchased to replace others should be charged to account No. G122, "General Equipment".

G852. UNDISTRIBUTED ADJUSTMENTS — BALANCE.

At least once a year an inventory of materials and supplies shall be taken, and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account in case it can not be assigned to a specific account. Credit to this account all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NORM.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to account No. G285, "Miscellaneous Construction Expenditures".

G853. DUPLICATE GAS CHARGES — CR.

Credit to this account all charges made to any accounts in gas operating expenses in respect of any gas or other product of gas operations of the corporation consumed therein.

17. **Expenses of Outside Operations.**—The detailed expense accounts for other than gas operations will be elsewhere provided for.

18. **Tax accounts.**—An account shall be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account shall be appropriately entitled (as e. g., "Taxes Assignable to Gas Operations," "Taxes Assignable to Non-operating Revenues," etc.), and shall be so kept as to show separately the following:

State Franchise Tax on Capital Stock,
State Franchise Tax on Gross Earnings,
Special Franchise Tax,
Taxes on Land (exclusive of improvements),
Taxes on Improvements on Lands,
Taxes on Personal Property,
Other Taxes (showing in detail).

To each tax account there shall be charged monthly the amount of taxes accruing during the month, and such amount shall be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any month shall, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter shall be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be \$600 for the year, the monthly charge on account of such tax should be \$50 until the amount of the levy becomes known. If during, say the fifth month, it is found that the levy for the year is \$640, there will already have been charged up four months at \$50 per month, leaving \$440 to be charged during the remainder of the year, or \$55 for the fifth month and each month thereafter during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Public Service Commission.

19. **Uncollectible Bills.**—For uncollectible gas bills the following account is provided:

G870. UNCOLLECTIBLE GAS BILLS.

When, after a reasonably diligent effort to collect, any account stated for gas sold has proved impracticable of collection, it shall be charged to this account and credited to the account receivable in which theretofore charged.

20. **Definitions of Non-operating Revenue accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

G901b. RENT ACCRUED FROM LEASE OF GAS PLANT.

Credit to this account monthly as they accrue all revenues flowing to the corporation from its interests in gas plant or equipment held by others under some form of lease whereby it surrenders possession of such property. This account contemplates that the *taxes* on property so held are *payable by the tenant in possession* and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor (or its assignee), such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

G901d. MISCELLANEOUS RENT REVENUES.

Credit to this account monthly as they accrue all miscellaneous rent revenues flowing to the corporation as a return upon leased property other than gas plant and equipment. Such revenues shall be classified as follows:

Leasehold Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease the entire term of which is greater than one year. This contemplates that the *taxes* on property so held are *payable by the tenant in possession* and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor (or its assignee), such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

Other Rent Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease or contract for a term not to exceed one year from the beginning of the term, or held at will or upon sufferance. This sub-account contemplates that the *taxes* on property of this character *shall be paid by the landlord* and charged to the appropriate tax account. If under the contract covering the holding for terms of one year or less, or at will, the taxes are to be paid by the tenant, the amount of such taxes shall be credited month by month to this account as they accrue, and shall correspondingly be charged to the tax account covering taxes on property of this character.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

902. INTEREST REVENUES.

Credit to this account monthly as it accrues all —

Interest from Bound Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing bound investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Free Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Other Sources: That is to say, all interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the two foregoing heads, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

903. DIVIDEND REVENUES.

Credit to this account at their cash value, and as of the date when collectible, all —

Dividends on Bound Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its bound investments.

Dividends on Free Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its free investments.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

904. PROFITS FROM OPERATIONS OF OTHERS.

Whenever, in accordance with the terms of any contract, the corporation is entitled to participate in the profits resulting from the operations of others, all revenues accruing to the corporation from such source shall be credited to this account.

NOTE.—This account does not include any dividends on stocks. Such dividends should be credited to account No. 903, "Dividend Revenues".

905. MISCELLANEOUS NON-OPERATING REVENUES.

To this account shall be credited all non-operating revenues accruing to the corporation and not provided for in any of the foregoing accounts.

12. *Definition of Non-operating Revenue Deductions account.*—To an account entitled "Non-operating Revenue Deductions" shall be charged all matters provided for under the following sub-accounts:

a. *RENT EXPENSE:* This sub-account includes all matters provided for under the following two heads:

Leasehold Expense: That is to say, all expense arising in connection with the procuring of revenues from leaseholds having terms greater than one year, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such leaseholds. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This head includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as reparable wear and tear. It does not include taxes.

Other Rent Expenses: This head is analogous to the preceding head "Leasehold Expense," and differs from that only in that this provides for expense in connection with property let for a term of one year or less.

b. *INTEREST EXPENSE:* This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

c. *DIVIDEND EXPENSE:* This sub-account includes all expense arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement

or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

d. OTHERS' OPERATIONS EXPENSE: This sub-account includes the cost of negotiating contracts whereunder the corporation is to participate in profits resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

e. MISCELLANEOUS NON-OPERATING EXPENSE: This sub-account includes all non-operating expense (as hereinbefore defined) which is not provided for in the foregoing sub-accounts.

f. NON-OPERATING TAXES: This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

g. UNCOLLECTIBLE NON-OPERATING REVENUES: When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof shall be credited to the account in which theretofore charged, and charged to the account "Non-operating Revenue Deductions" under the head of "Uncollectible Non-operating Revenues".

NOTE.—In annual reports of corporations to the Public Service Commission this account will be required to be fully analyzed.

22. Income Deductions.—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by the operating expenses, the taxes, and the uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly for the non-operating revenues, the non-operating expenses, and the non-operating taxes.

The aggregate of the incomes from the several operations and the non-operating income is the gross income applicable to corporate and leased properties. As has before been said, the gross income is, in the usual case, subject to various compulsory deductions, and these are hereinafter called *Income Deductions*.

23. Definitions of Income Deduction accounts.—In the following definitions the letters and numbers prefixed to the titles of the several accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

921. INTEREST DEDUCTIONS.

Charge to this account monthly (or as otherwise below directed) all matters provided for under the following five heads:

Absolute Interest Accrued on Funded Debt: This head includes all interest accruing absolutely on the outstanding funded debt of the corporation.

Contingent Interest Accrued on Funded Debt: This head includes, when the contingency occurs, all interest accruing contingently on the outstanding funded debt of the corporation. This includes such matters as interest on income bonds.

Interest Accrued on Receiver's Certificates: This head includes all interest accruing on receiver's certificates which are liens upon the property of the corporation or any part of it.

Interest Accrued on Other Unfunded Debt: This head includes all interest accruing on all unfunded debt of the corporation except receiver's certificates.

Interest Accrued on Debenture Stocks: This head includes all interest accruing on the outstanding debenture stocks of the corporation.

Entries in the account "Interest Deductions" must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

922b. RENT FOR LEASE OF OTHER GAS PLANT.

Charge to this account monthly all amounts accrued against the accounting corporation for rent of gas plant and equipment which it holds under some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such plant and equipment shall not be charged to this account but to the appropriate Taxes account. If such taxes are (under the contract of lease) payable by the lessor or reversioner, they shall be credited to this account and charged to the appropriate Taxes account. Such taxes, when paid by the lessor or reversioner, shall be charged to its rent revenue account and not to its Taxes account, to the end that taxes upon such plant and equipment shall be reported by the corporation in possession.

922. OTHER RENT DEDUCTIONS.

Charge to this account the matters provided for in the following sub-accounts:

f. JOINT FACILITY RENTS: Where any plant or equipment is maintained or operated by another corporation for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such plant or equipment over and above depreciation and other expense of maintenance and operation, such pure rent, or profit, or return upon property shall be charged to this sub-account.

NOTE. — This should be read in connection with revenue account No. 443, "Joint Gas Rent Revenue".

g. MISCELLANEOUS RENT DEDUCTIONS: This sub-account includes all miscellaneous rents payable not elsewhere provided for.

NOTE A.—Rents for furnished offices (and for office rooms in office buildings heated and lighted by the landlord) should not be charged to this account, but to the appropriate expense account.

NOTE B.—Entries in this account must be made in such wise as to permit an analysis in the annual report of the corporation in accordance with the sub-accounts above defined.

923. SINKING FUND ACCRUALS.

Charge to this account month by month all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

924. GUARANTIES OF PERIODIC PAYMENTS.

Charge to this account all unsecured accruals of obligations arising under contracts whereby the corporation has guaranteed the annual or more frequent periodic payment of money or performance of other obligation on the

part of another corporation or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This account does not include such matters as guaranties of payment of principal of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the unsecured portion thereof shall be charged to this account.

925. LOSS ON OPERATIONS OF OTHERS.

Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged to this account.

926. OTHER CONTRACTUAL DEDUCTIONS FROM INCOME.

Charge to this account month by month all contractual liabilities arising from annual or other more frequent periodic matters and not includible in any of the foregoing accounts. This account includes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

927. AMORTIZATION OF LANDED CAPITAL.

Charge to this account at the close of any fiscal period such proportion of the original money cost (estimated if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NORM A.—The amounts charged to this account shall be concurrently credited to account No. 374, "Accrued Amortization of Capital".

NORM B.—When any landed capital expires or is otherwise retired from service (as *e. g.*, through sale), the capital account or other indicant account (if any) originally charged therewith shall be credited with the amount originally charged, the account "Accrued Amortization of Capital" shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

928. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE.

Charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to account No. 939, "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

929. AMORTIZATION OF PREMIUM ON DEBT—CR.

Credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the

maturity of any debt will completely amortize or wipe out the premium at which such debt was issued. Such amortization may at the option of the corporation be effected by crediting all or any portion of such premium to account No. 931b, "Other Additions to Surplus," only upon the maturity of the debt.

24. Appropriations.—The balance resulting from closing the foregoing income deduction accounts for any fiscal period into gross income for that period gives the *Net Corporate Income* for the period. The net corporate income being of the same nature as the corporate surplus shall be closed into the "Corporate Surplus or Deficit" account. The group of accounts which show for any fiscal period the changes in the "Corporate Surplus or Deficit" account are designated the *Appropriation* accounts, for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period each of the appropriation accounts shall be closed into the "Corporate Surplus or Deficit" account.

25. Definitions of Appropriation accounts.—In the following definitions of the appropriation accounts the letters and numbers prefixed to the titles of the accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

931a. BAD DEBTS COLLECTED.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

931b. OTHER ADDITIONS TO SURPLUS.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

932. EXPENSES ELSEWHERE UNPROVIDED FOR.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc., fines levied on directors, officers, and other employees and assumed by the corporation, donations to funds, to churches and other associations, and other like expenses and outgoes.

933. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall thereupon be charged to this account. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

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934. AMORTIZATION ELSEWHERE UNPROVIDED FOR.

Charge to this account such amortization as is not elsewhere provided for. This account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

935. APPROPRIATIONS TO RESERVES.

Charge to this account all optional appropriations to reserves.

936. GIFTS TO CONTROLLED CORPORATIONS.

Charge to this account all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

937. OTHER APPROPRIATIONS.

Charge to this account all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

938. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as have been provided for in the heretofore defined "Uncollectible Bills" account must not be included in this account.

939. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

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UNIFORM SYSTEM OF ACCOUNTS

AS ESTABLISHED FOR GAS CORPORATIONS WITH ANNUAL GROSS
OPERATING REVENUES BELOW \$500,000.

ADOPTED DECEMBER 7, 1908; EFFECTIVE JANUARY 1, 1909.

STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION, SECOND DISTRICT.
At a session of the Public Service Commission, Second
District, held at the Capitol, Albany, on the 7th
day of December, 1908.

Present:

FRANK W. STEVENS, Chairman,
THOMAS M. OSBORNE,
MARTIN S. DECKER,
JAMES E. SAGUE,
JOHN B. OLMSTED,
Commissioners.

Ordered: That, except as hereinafter provided:

1. On and after January 1, 1909, every gas corporation whose revenues from gas operations as defined in the hereto annexed schedule marked "Schedule A" were during the year ended June 30, 1907, below the sum of five hundred thousand dollars (\$500,000) shall keep upon its books the accounts prescribed or defined in the said "Schedule A", so far as the said accounts are pertinent to the facts and circumstances of the said corporation. The term gas corporation is used herein in the sense defined in the Public Service Commissions Law.

2. On and after the date of service of this order on any such gas corporation, such corporation shall not charge to any account representing cost of property any discount or commission on securities issued by the said corporation, but shall charge all such discounts, commissions, and other expense connected with the issue of securities subsequent to the said date of service, in accordance with the directions contained in the definitions of the account named Organization, and the account named Unamortized Debt Discount and Expense, in the said "Schedule A".

3. On and after January 1, 1909, every such gas corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule B", so far as the same are pertinent to the facts and circumstances of the said corporation.

4. During the year beginning January 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun January 1, 1908; provided that on or before January 1, 1909, there be filed with the Public Service Commission a statement containing a list of the said accounts pertaining to the year begun January 1, 1908, and definitions of such accounts.

5. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books

any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary, experimental, or divisional account, the said corporation shall file with the Public Service Commission, at least ten days in advance of the time when the said account is to be instituted, a statement showing the name of the said account, the date when it is to be instituted, the purpose for which it is to be kept, the period of time during which it is to be kept, and a clear and accurate definition of the classes of items and facts to be contained in the said account; and in case of a divisional account, the definition of the division covered. Upon compliance with the provisions of this paragraph, any account herein prescribed or defined in either said "Schedule A" or said "Schedule B" may be subdivided.

6. All notices herein required to be filed concerning accounts shall be upon sheets 9½ inches by 12 inches in size, and shall be entitled in the name of the corporation filing said notices, followed by a brief statement of the character of the accounts covered by the notice.

SCHEDULE A.

BALANCE SHEET OR INDICANT ACCOUNTS.

1. **Gas Corporations and Gas Operations defined.**—Section 2 of the Public Service Commissions Law defines *gas corporation* as follows:

§ 2. . . . The term "gas corporation" . . . includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever, owning, operating, managing or controlling any plant or property for manufacturing and distributing and selling for distribution or distributing illuminating gas (natural or manufactured) for light, heat or power.

Gas operations, as the term is hereinafter used, include all acts and transactions directly connected with the operation of a plant for the production of gas (whether natural or manufactured), the transmission thereof and the supply thereof to consumers for light, heat, or power, and all operations incident thereto, including the collection of revenues therefor and the disposition of byproducts produced in connection therewith.

2. **Accounts to be kept by double-entry method.**—All accounts kept by any corporation or person within the scope of the present order shall on and after January 1, 1909, be kept by the double-entry method.

NOTE.—This requirement is not intended to apply to purely statistical accounts.

CAPITAL ACCOUNTS.

3. **Capital defined.**—As the term is used herein, by *capital* of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. **Fixed Capital defined.**—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen¹) is called *fixed capital*.

5. **Floating Capital defined.**—Capital other than fixed capital is called *floating capital*.

6. **General Capital and Departmental Capital defined.**—Fixed capital is divisible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the uses of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

7. **Landed Capital and Non-landed Capital defined.**—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called *non-landed capital*.

8. **Intangible and Tangible Capital distinguished.**—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible property within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses.¹

9. **Further Classification of Capital.**—Capital is also divisible into *original capital*, *additions*, *betterments*, and *renewals and replacements*, as defined below. Charges to capital accounts shall show these divisions as set forth in paragraph 21, *infra*.

10. **Original Capital defined.**—*Original capital* is that put into service at the outset of an enterprise.

11. **Additions defined.**—*Additions* include additional structures, facilities, or equipment not taking the place of anything previously existing.

12. **Betterments defined.**—*Betterments* include the enlargement or improvement of existing structures, facilities, and equipment.

13. **Renewals defined.**—*Renewals* include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. **Replacements defined.**—*Replacements* include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When a substitute has a substantially greater capacity than that for which it is substituted, the cost of substitution of one of the same capacity as the thing replaced should be charged as a replacement, and the remaining portion of the cost of the actual substitute should be charged as a betterment.

15. **Repairs defined.**—When through wear and tear or through casualty it becomes necessary to replace some part of any structure, facility, or unit of equipment, and the extent of such replacement does not amount to a substantial change of identity in such structure, facility, or unit of equipment, the replacement of such part is to be considered a repair, and the cost of such repair is to be treated as an operating expense and must not be charged as a replacement in any capital account.

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

16. **First entries must enable identification.**—Throughout all capital accounts, the first entry in respect of any particular thing shall describe it with such particularity as to enable its identification, and shall give it a distinguishing name, number, or other designation by which it shall thereafter be designated in every entry in any capital account which in any way concerns it. In the case of continuous structures like railroad track, or electric line, or pipe line, such structures shall be itemized to the extent that no item shall contain more than one operating division or more than one type of construction, and the first entry in relation to any item shall describe the size, weight, type, and other principal physical characteristics of the chief constituent parts, together with their spacing if discontinuous.

17. **Costs of new capital to be actual money costs.**—All charges made to capital or other accounts on or after January 1, 1909, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

18. **Discounts upon securities not to be charged to capital accounts.**—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

19. **Costs of labor, materials, and supplies.**—Cost of labor (employed in construction) includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of materials and supplies consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

20. **Withdrawals or retirements.**—When anything is withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

21. **Particulars required to be shown in entries.**—Every charge made to a capital account on or after January 1, 1909, shall show whether the thing in respect of which the charge is made is original capital, or an addition, a betterment, a renewal, or a replacement. If the thing is a betterment, the entry shall designate the thing enlarged or improved and shall cite by name and page of book or other record the original entry of cost of such thing

enlarged or improved. If the thing to which any charge hereafter made relates is a renewal or a replacement, the entry made in respect thereof shall designate the thing renewed or replaced and shall cite by name and page of book or other record the original entry or entries of cost of such thing renewed or replaced. If there is no entry in the accounts of the corporation showing the cost (to the corporation) of the thing bettered, renewed, or replaced, that fact shall be stated in the entry describing the betterment, renewal, or replacement, and the original cost of such thing to the corporation shall be stated. Such cost shall be estimated if not known, and when estimated the basis of such estimation shall be shown.

22. Betterments involving partial destruction of thing bettered.—If any betterment involves the partial destruction or partial reconstruction of the thing bettered, only such portion of the cost of the change shall be charged as a betterment as will when added to the original cost (estimated if not known) of the thing bettered give the cost of reconstruction or replacement of the thing as bettered, and the remainder of the cost of the change (account being taken of any salvage) shall be charged to the appropriate repair account.

E. g., a building, original cost unknown but estimated to be \$15,000, is bettered by the construction of an elevator shaft, and its stairways are modified so as to be fireproof; the actual expenditure for these changes is \$3,000; the estimated cost of replacement of the building (as modified) with one equally serviceable and with an equal expectation of life is \$16,000; the charge to capital account as a betterment should be \$1,000, and the remainder (\$2,000) of the expenditure should be charged to the appropriate repairs account.

23. Plant and equipment and other capital purchased.—When any fixed capital in the form of a going or completed plant is purchased, an appraisal of such capital so acquired shall be made, and the different constituent elements of the plant (and equipment, if any) or other capital acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence, and inadequacy. If the actual money value of the consideration given for the plant or other capital was at the time of the acquisition in excess of such appraised value, the excess shall be charged to the account "Other Intangible Gas Capital," and the appraised values of the constituent elements shall be charged to the appropriate accounts as designated in the following definitions of accounts for fixed capital. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each plant or other such fixed capital purchased, will be required to be made to the Public Service Commission, and the purchaser will be required to procure in connection with the acquisition of any such plant or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such plant, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

24. **Definitions of Fixed Capital accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

G100. FIXED CAPITAL, DECEMBER 31, 1908.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to gas operations as such capital stood at the close of December 31, 1908. Such charges shall be made at the figures at which such capital was carried on the books of the said person or corporation on that date. When any capital included in such account is retired from service, the amount at which it is charged therein shall be credited to this account; the amount of depreciation or other amortization thereon applicable to the period subsequent to December 31, 1908, shall be charged to account No. 374, "Accrued Amortization of Capital," proper account shall be taken of any salvage, and the remainder of the amount originally charged to capital shall be concurrently charged to the Corporate Surplus or Deficit account (or equivalent account carried on the books on December 31, 1908), unless there was carried on the books at that date a reserve to cover retirement of capital from service, in which case the said concurrent charge shall be made to such retirement reserve account. If the amount at which the said capital in service on December 31, 1908, and subsequently retired from service, was included in the said account is not disclosed on the books and records of the accounting person or corporation and is not within the knowledge of such person or corporation or officers or other employees thereof, it shall be estimated, and such estimated amount shall be treated as is above directed for the actual amount, the fact of estimation being stated in the entry.

Norm.—Corporations will be required to carry as sub-accounts of the account "Fixed Capital, December 31, 1908," the several accounts on their books on that date which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

The following capital accounts are prescribed for transactions subsequent to December 31, 1908:

G110. LAND DEVOTED TO GAS OPERATIONS.

Charge to this account the cost of the accounting corporation's landed capital which is devoted to gas operations as hereinbefore defined. This includes land occupied by gas works and their appurtenances and rights of way for transmission and distribution lines and other pipe lines, where such rights have lives in excess of one year from the date when such land is placed in service. Such cost includes, *when assumed or paid by the purchaser in its own behalf*, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired; also costs of obtaining consents and payments for abutting damages.

Norm A.—Cost of buildings and other improvements must not be included in this account.

Norm B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to its gas operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the appropriate structures account, and excluded from the account "Land Devoted to

Gas Operations". If such improvements are not devoted to gas operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land Devoted to Gas Operations". The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Public Service Commission the subdivision of the cost of its land devoted to gas operations into the following:

Land Occupied by Gas Works.

Land Occupied by Outside Holder Stations.

Water Rights.

Other Land Devoted to Gas Operations.

101. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiation and issue of stock thereunder, shall be classed as additions. Cost of preparing and filing certificates of amendment of articles of incorporation shall be classed as a betterment. Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classed as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

G102. FRANCHISES (GAS). -

To this account shall be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" (section 69 of the Public Service Commissions Law) as is necessary to the conduct of the corporation's gas operations. If any such franchise is acquired by mesne assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Gas Capital". If any such franchise has a life of *not more than one year after the date when it is placed in service*, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments" if extending beyond the fiscal year.

Payments made to the State or to some subdivision thereof as a consideration for granting an extension for more than one year of the life period of a franchise shall be classed as renewals. Those made as a consideration for franchises or extensions thereof covering additional territory to be operated

as a part of an existing system shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NORM.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

G103. PATENT-RIGHTS (GAS).

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's gas operations. If any such right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent-right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

G104. OTHER INTANGIBLE GAS CAPITAL.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to gas operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

G121. GENERAL STRUCTURES.

Charge to this account the cost of all buildings and other structures of a permanent character devoted to general corporate purposes, not restricted to gas operations and not includible in any of the departmental accounts; also of all fixtures permanently attached thereto and made a part thereof, such as water pipes and fixtures, steam pipes and fixtures for warming and ventilating, gas pipes and fixtures for lighting, etc., electric wiring and fixtures for lighting, signaling, etc.; elevators, etc., and the engines and motors specially provided for operating them; furnaces, boilers, etc., specially provided for producing steam for such engines and for heating; electric generators specially provided for producing current for lighting such buildings, etc. This account includes such piers and other foundations for machinery and apparatus as are designed to be as permanent as the buildings in (or in connection with) which they are constructed, and to outlast the first machinery or apparatus mounted thereon.

NORM A.—Among such buildings may be mentioned general office buildings, general shop buildings, general storehouses, general stable buildings, etc. Where general offices, shops, storehouses, stables, etc., are in buildings includible in a departmental account, as *e. g.*, in a retort house, no part of the cost of such building shall be charged to this account. This account is provided for structures of a general or miscellaneous character not assignable to any particular department.

NORM B.—When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a general building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate departmental capital account, and no part to the account "General Structures".

NORM C.—The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, should be charged to the same account as is the cost of the machinery or apparatus for which they are provided.

G122. GENERAL EQUIPMENT.

Charge to this account the cost of all equipment of general structures, as provided under the following heads:

a. *General Office Equipment*: This includes the cost of all equipment of general offices, such as desks, chairs, tables, movable safes, filing cases, drafting-room equipment, and other like office appliances and equipment; also engineering instruments.

b. *General Shop Equipment*: This includes the cost of all equipment specially provided for general shops, such as furnaces, boilers, gas producers, engines, electric generators, and other power apparatus used in operating machinery in such shops; machine tools, cranes, hoists, shafting, belts, and the like shop equipment; also such smithing equipment in general shops as is used principally for other general purposes than shoeing horses and repairing vehicles.

Norm.—Hand and other small portable tools liable to be lost or stolen shall not be included herein, but portable tools and apparatus of special value may be charged to this account and remain herein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

c. *General Store Equipment*: This includes the cost of all equipment of general store structures, such as movable counters, movable shelving, and other movable equipment of like nature, carts, barrows, trucks, etc., and other apparatus and appliances used in handling materials and supplies.

Norm.—Counters, shelving and the like which are permanently attached to the structure shall be charged to account No. G121, "General Structures," and not to this account.

d. *General Stable Equipment*: This includes the cost of all equipment of general stables, including horses, harness, drays, wagons, automobiles and other vehicles, equipment of shoeing shops, harness repair shops, vehicle repair shops, etc.

221. WORKS AND STATION STRUCTURES.

Charge to this account the cost of all structures at works devoted to the production of gas, including purification and all other processes performed upon such gas antecedent to its entrance into the station holder; also of all buildings and other structures at outlying holder stations, except the holders and their appurtenances as provided in the following account, "Holders". Such structures include retort houses, generator houses, purifier houses, engine houses, boiler houses, meter houses, coal sheds, coke sheds, tar houses, oil tanks, tar wells, and other structures for storage of fuel to be consumed or carbonized in the production of gas and the operations auxiliary thereto; structures for residuals and byproducts; appurtenant walks, fences, drives, tramways, trestles, etc., and all fixtures permanently attached to such structures and made a part thereof.

Norm.—Such piers and other foundations for machinery and apparatus as are designed to be permanent and to outlast the first machinery or apparatus mounted thereon shall also be charged to this account; but short lived, temporary, or specially provided foundations and settings for furnaces and boilers, steam engines, gas engines, pumps, generators, benches, condensers, washers, scrubbers, purifiers, etc., shall go with the machinery and apparatus to which they are related. Gas holders are not includible in this account.

222. HOLDERS.

Charge to this account the cost of all holders at works and outlying stations, including tanks, foundations, holders, frame work, guides, pulleys, etc., and inlet and outlet valves of such holders.

NOTE.—Holder housings shall be charged to account No. 221, "Works and Station Structures".

G141a. FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in producing gas and in furnishing motive power in gas works and stations. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also iron smokestacks. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine, to condensers, or to the gas generators, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

G141b. STEAM ENGINES.

Charge to this account the cost of all steam engines devoted to use as prime movers in gas works. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe.

G143b. GAS ENGINES.

Charge to this account the cost of all gas engines devoted to use as prime movers in gas works and stations. This includes the specially provided foundations and settings of such engines. The engine includes the inlet valve and governor, and ignition and starting apparatus, but not the pipe leading from the gas holder, nor the exhaust pipe.

G145. MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of all miscellaneous power plant equipment at gas works which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the apparatus operated, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

223. BENCHES AND RETORTS.

Charge to this account the cost of all benches and retorts devoted to the production of coal gas. This includes the cost of specially provided foundations and settings and auxiliary piping, including foul and hydraulic mains.

G143a. WATER GAS SETS AND ACCESSORIES.

Charge to this account the cost of sets and accessories devoted to the production of water gas, including the cost of specially provided foundations and settings for such sets. This account includes not only generators, carbureters,

superheaters, seals, and piping connected therewith, etc., but also blast apparatus, oil and steam supplying apparatus, oil heaters, etc. It does not include pipes whose primary purpose is the warming of buildings.

224. PURIFICATION APPARATUS.

Charge to this account the cost of all purification apparatus, such as condensers, washers, scrubbers, purifiers, tar extractors, etc., and their ancillary apparatus and piping, including the cost of specially provided foundations and settings.

225. ACCESSORY EQUIPMENT AT WORKS.

Charge to this account the cost of all equipment at works and holder stations which is not includible under any of the foregoing accounts. This includes exhausters, station meters, governors, etc.; apparatus for charging retorts; conveyors for disposing of coke and other products and residuals; tar and ammonia apparatus, pumps, pipes, tanks, etc.

231. TRUNK LINES AND MAINS.

Charge to this account the cost of all trunk lines and mains in place. This includes all pipe lines from the yard connections to district holders, and from the works governor to the beginnings of services, including the cost of all trenching, etc., necessary to the placing of the pipe, and the cost of filling trenches and restoring the surface to its former condition or to that required by the municipal authorities at the time the line is installed.

232. GAS SERVICES.

Charge to this account the cost of the corporation's property in service pipes and appurtenances in or leading to consumers' premises. This includes the cost of material in place, cost of trenching for placing services, and of filling trenches and restoring surface to proper condition.

NORM A.—When consumers are required to pay some or all of the cost of services, only that portion of the cost not chargeable to the consumer is chargeable to this account; in all cases where only a portion of the cost of the service is chargeable to this account the entry in this account shall show the entire cost of the service as well as the amount charged to this account.

NORM B.—Where services extending only from main to curb (or to lot line) are placed before actually required for the purpose of supplying consumers, the entry of cost must show that fact. Such services will be required to be separately reported in the annual reports of corporations to the Public Service Commission.

NORM C.—Cost of renewing or modifying services shall not be charged to this account.

233. GAS METERS.

Charge to this account the cost of the corporation's property in all meters and appurtenances used in measuring the gas delivered to consumers.

NORM A.—This account does not include the cost of the corporation's meters at the works; such cost shall be charged to account No. 225, "Accessory Equipment at Works," or to a sub-account thereunder.

NORM B.—Cost of setting, removing, or re-setting such meters shall not be charged to this account.

NORM C.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of consumers' meters temporarily withdrawn from service.

234. GAS METER INSTALLATION.

Charge to this account the labor and materials cost (exclusive of cock and connections) of the first setting of meters for determining the amount of gas delivered to consumers, in case it is the policy of the corporation to capitalize the cost of such setting.

NOTE A.—Cost of removing such meters and of setting other meters substituted for them shall not be charged to this account but to account No. 634a, "Gas Meter and Installation Work".

NOTE B.—This account must not include at any time the cost of installation of a greater number of consumers' meters than are actually in service.

235. MUNICIPAL STREET LIGHTING FIXTURES (GAS).

Charge to this account the cost of the corporation's property in the lamps, posts, and ancillary apparatus and appliances used in lighting streets for a municipal corporation. Such cost includes not only cost of material but also cost of first setting and coupling up. It does not include cost of removal or change of position.

NOTE.—Where the municipality requires for its special benefit the extension of mains and services for street lighting, such extensions may, so long as used solely for street lighting, be charged to this account, provided a full description of the extensions so charged and the amounts charged in respect thereof be filed with the Public Service Commission on or before the date when the entry thereof is made upon the books of the corporation.

236. GAS ENGINES AND APPLIANCES.

Charge to this account the cost of the corporation's property in gas engines leased to consumers (including municipal corporations), but not of those held for purposes of sale. Such engines include all appliances for the production of mechanical motion through the consumption of gas. Also charge to this account the cost of the corporation's property in all gas stoves and other heating appliances leased to consumers, but not of those held for purposes of sale. This includes stoves, ranges, heaters, hot plates, sadirons, tailors' irons and gooses, and other like devices and appliances consuming gas for the direct production of heat.

NOTE A.—The cost of setting and connecting such engines and heating appliances on the premises of consumers and the cost of re-setting or of removal shall not be charged to this account.

NOTE B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of such gas engines and appliances temporarily withdrawn from service.

237. GAS TOOLS AND IMPLEMENTS.

Charge to this account the cost of all tools and implements coming within the scope of the definition of fixed capital (see paragraph 4, page 555, *ante*) and not covered by any of the foregoing equipment accounts.

238. GAS LABORATORY EQUIPMENT.

Charge to this account the cost of all physical and chemical apparatus used in testing and other technological work, and of all equipment in laboratories used for technological work, such as calorimetry, photometry, chemical analysis, and the like; also all equipment for testing building and other materials used in the engineering operations of the company.

NOTE.—This account does not include the cost of any chemicals or other supplies, such being chargeable to the appropriate sub-account in the account "Materials and Supplies"; as consumed they shall be charged thence to the appropriate expense accounts.

239. OTHER TANGIBLE GAS CAPITAL.

Charge to this account the cost of all miscellaneous tangible gas capital not elsewhere provided for.

G281. ENGINEERING AND SUPERINTENDENCE.

Charge to this account all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work,

and all expenses incident to the work, when such disbursements can not be assigned to specific construction.

NOTE.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged.

G282. LAW EXPENDITURES DURING CONSTRUCTION.

Charge to this account general expenditures of the following nature incurred in connection with the construction of a gas plant: namely, the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees; and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of the right of way or other land shall be charged to account No. G110, "Land Devoted to Gas Operations". Law expenditures in connection with the organization of the corporation shall be charged to account No. 101, "Organization".

G283. INJURIES DURING CONSTRUCTION.

Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of gas plant and equipment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payments to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

G284. TAXES DURING CONSTRUCTION.

Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

G285. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

Charge to this account the salaries and expenses of executive and general officers of a gas plant under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.—This account shall not include any costs of organization, or any costs or discounts connected with the issue and disposal of stocks, funded debt, or other securities, and commercial paper.

G286. INTEREST DURING CONSTRUCTION.

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account. To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

O110. LAND IN OTHER DEPARTMENTS.

Charge to this account the cost of the corporation's interests in land (exclusive of improvements thereon) devoted to operations other than electric operations, gas operations, railroad operations, and street railroad operations.¹ Such cost includes, *when assumed or when paid by the purchaser in its own behalf*, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired. If at the time of acquisition of such interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to operations other than the four classes above mentioned, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value, and such appraised value shall be charged to the appropriate accounts and excluded from the account "Land in Other Departments". If such improvements are held as investments, the cost (or appraised value at time of acquisition of title if the cost to the corporation is not determined in the contract of acquisition) shall be charged to the appropriate investment account. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land in Other Departments".

O102. FRANCHISES IN OTHER DEPARTMENTS.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" as is necessary to the conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O103. PATENT-RIGHTS IN OTHER DEPARTMENTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

¹ NOTE.—**ELECTRIC CAPITAL, RAILROAD CAPITAL, AND STREET RAILROAD CAPITAL.**—For the accounts to which shall be charged the cost of capital devoted to electric operations, see the Uniform System of Accounts for Electrical Corporations; for steam railroad operations, see the Uniform System of Accounts for Expenditures for Road and Equipment, etc., as established for Steam Railroad Corporations by the Public Service Commission; and for electric railroad and street railroad operations, see the Uniform System of Accounts for Street Railroad Corporations.

0104. OTHER INTANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of intangible capital devoted to its operations other than electric, gas, railroad, and street railroad, and not includible under any of the foregoing accounts.

0120. TANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of tangible capital devoted to its operations other than electric, gas, railroad, and street railroad.

25. Floating Capital divided into two groups.—Floating capital is divided into two great groups, of which the first is herein called *Materials and Supplies*, and the second, *Current Assets*.

26. Definitions of Floating Capital accounts.—In the following definitions the letters and figures prefixed to the titles of the accounts are no part of the titles and are inserted merely for convenience of reference:

G10. MATERIALS AND SUPPLIES.

Charge to this account the cost (including transportation) of all materials and supplies acquired by the corporation, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to account No. G286, "Interest During Construction," or to account No. G852, "Undistributed Adjustments—Balance," according as such materials and supplies are intended for construction or for operation.

The scrap value of things retired from service shall be charged to an appropriate sub-account in this account while such things remain the property of the corporation. If such scrap value is not known and can not readily be determined it shall be estimated, and errors in such estimates when determined shall be adjusted through the accounts involved if during the year in which the estimates were made; if later, then through the "Corporate Surplus or Deficit" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account and debited or credited to the operating expense account No. G852, "Undistributed Adjustments—Balance," in case they can not be assigned to specific accounts. Shortages may, however, be charged directly to "Corporate Surplus or Deficit". Where such materials and supplies have been used in construction, a suitable proportion of such shortages or overages may be debited or credited to account No. G285, "Miscellaneous Construction Expenditures".

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

1. CASH.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes

coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

2. BILLS RECEIVABLE.

Charge to this account the cost of all bills receivable (except as below provided) which are the property of the corporation and upon which solvent concerns are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include investments (for which see below); nor does it include interest coupons.

3. ACCOUNTS RECEIVABLE.

Charge to this account all amounts owing to the corporation upon accounts with solvent concerns (other than banks); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

4. INTEREST AND DIVIDENDS RECEIVABLE.

Whenever the income account is stated the appropriate sub-account therein shall be credited and this account shall be charged with all accrued but not yet collected interest upon all commercial paper and accounts considered collectible held by or for the benefit of the corporation; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

5. OTHER CURRENT ASSETS.

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

27. Investments defined.—By *Investments*, as here used, are meant all properties acquired not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations at a time when it seems probable that they can not be so advantageously acquired as at the time of actual acquisition. By *bound investments* are meant those held subject to a lien of some character; by *free investments* are meant those held free of all liens.

300. INVESTMENTS.

The cost of the corporation's title to any property held as an investment shall be charged to an account entitled "Investments".

Note.—In the annual reports to be made to the Public Service Commission by the corporations and other persons engaged in gas operations, investments, whether bound or free, will be required to be classified with at least the following detail:

Bound investments will be required to be divided into the three classes: "Mortgaged or Pledged Investments," "Contractual Fund Investments," and "Other Bound

Investments". Each of these three classes, and the class "Free Investments," will be required to be subdivided into the following: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlled Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments.

28. *Special Deposits defined.*—By *Special Deposits*, as here used, are meant amounts of money and bank credits in the hands of fiscal or other agents of the corporation for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safety deposit vaults, etc., so long as they are available for general purposes of the corporation, shall be excluded herefrom.

311. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *especially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest Accrued" account.

312. DIVIDEND SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *especially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of dividends upon the corporation's stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

313. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other *special* purposes than the payment of interest coupons and dividends. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

29. *Prepayments.*—When payments for taxes, insurance, rents, and the like are made in advance of the actual accrual thereof, the amount of the advance payment shall be charged to the appropriate account in this group. As such taxes, etc., accrue, the appropriate prepayment account shall be credited and the appropriate expense or other income account shall be charged.

Norm.—By the accrual of taxes, insurance, rents, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus, if the rent fixed by contract of lease for a certain property is \$600 for a calendar year, this accrues at the rate of \$50 each month (unless it is desired to base the accrual on days, when of course the varying lengths of the months would require to be considered), regardless of the actual times when the rent matures; \$50 should thus (if the rent has been prepaid) be credited each month to the account "Prepaid Rents," and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

321. PREPAID TAXES.

When taxes are paid in advance of their accrual, the amount prepaid shall be charged to this account. As the taxes thus prepaid accrue, they shall be credited at monthly intervals to this account and charged to the appropriate taxes account. This account must not include any so called taxes, like water taxes, drainage taxes, fire taxes, etc., which are payments for special benefits received. Such payments for special benefits, where finally chargeable to operating expenses, must, when prepaid, be charged to the account "Other Prepayments".

322. PREPAID INSURANCE.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue, they shall be credited at monthly intervals to this account and charged to the appropriate expense account.

323. PREPAID RENTS.

When rents are paid in advance of the enjoyment of the term, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As the term is consumed, this account shall be credited at monthly intervals and the appropriate rent account in the income account shall be charged.

324. OTHER PREPAYMENTS.

When prepayments are made for any other thing than taxes, insurance, and rents, above provided for, such prepayments shall be charged to this account; and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited monthly to this account and charged to the appropriate expense or income account.

30. Suspense.—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which under the rules of the Public Service Commission may be spread over a period of time, or when any debit made for any other reason may be amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss, or other debit shall, except as herein otherwise directed, be charged to an appropriate account in this group of accounts.

NOTE.—By "amortization" of any charge or credit is meant its gradual extinction. The word is broader than the word "depreciation," since the latter is restricted ordinarily to tangible property. The word "depreciation" also imports more of the idea of fluctuating value and is complicated somewhat with the question of cost of replacement at market prices. Because it is considered unnecessary in connection with the gradual consumption or expiration of life of capital to consider the question of cost of replacement until the replacement is actually made, at which time the cost of replacement is duly charged to the appropriate account, and because provision is necessary for the gradual extinction of certain charges (such as those for some kinds of capital, those for extraordinary casualties, for discount on debt, etc.) to which the term "depreciation" does not well apply, it is considered advisable to use the term "amortisation" in connection with the extinction of such charges, and of certain corresponding credits, such as premiums on debt outstanding.

331. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par

value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidences of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to account No. 928, "Amortization of Debt Discount and Expense," in "Income" account. Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to the account "Other Deductions from Surplus".

332. OTHER SUSPENSE.

To this account shall be made all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit".

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

31. *Securities Actually Issued and Later Re-acquired.*—For the case of securities actually issued by the corporation and later re-acquired by it, the following account is provided:

340. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face values to this account.

32. *Debt defined.*—The word *debt*, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt*.

33. *Funded Debt defined.*—*Funded Debt* comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

34. **Unfunded Debt defined.**—*Unfunded Debt* comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

35. **Funded Debt accounts.**—Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as e. g., "First Mortgage 5% QF 10, Aug. 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture". "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds".

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page, and account whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

36. **Unfunded Debt accounts.**—The accounts for unfunded debt are defined as follows:

351. TAXES ACCRUED.

Credit to this account at the close of each month the taxes accrued during the month, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

352. RECEIVER'S CERTIFICATES.

When any receiver acting under the orders of a competent court is in possession of the property of the corporation and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited monthly to this account.

353. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation; or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties, and the character of the action or suit. Interest accruing upon any such judgment shall be credited monthly to this account.

NORM.—In case of appeal and affirmance in whole or in part from which judgment of affirmance a further appeal lies, the same rule shall apply as upon entry of original judgment.

354. INTEREST ACCRUED.

Credit to this account at the close of each month the interest accrued during the month upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NORM.—When coupon interest matures it should be transferred from the sub-account "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured". When such interest is paid out of coupon special deposits the sub-account "Coupon Interest Matured" should be charged and the account "Coupon Special Deposits" credited.

355. DIVIDENDS DECLARED.

When any dividend is declared it shall be credited to this account and here remain until it is paid, when it shall be charged to this account and credited to "Cash" or other suitable account.

356. BILLS PAYABLE.

When any note, draft, or other bill payable which matures not later than one year after date of issue (or of demand), or after assumption by the corporation of primary liability thereon, is issued or assumed, the par value thereof shall be credited to this account, and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account.

G357a. CONSUMERS' DEPOSITS — GAS.

Credit to this account, as such deposits are made, all cash deposited with the corporation by consumers as security for the payment of gas bills. Deposits refunded shall be charged to this account and credited to "Cash". Deposits applicable to uncollectible or worthless gas bills shall, at the close of the fiscal year (or earlier, at the option of the accounting corporation), be credited to the account of the consumer involved and debited to this account.

357b. OTHER ACCOUNTS PAYABLE.

Credit to this account when incurred all liabilities of the corporation upon open accounts, except those provided for in the foregoing account "Consumers' Deposits".

358. OTHER UNFUNDED DEBT.

Credit to this account at face value all unfunded debt upon which the corporation is liable and which is not elsewhere provided for.

37. Reserves.—Reserves shall be classified as *Permanent* and *Temporary*.

38. Permanent Reserves defined.—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. Permanent reserves shall be classified into the two classes: *Premiums on Stocks* and *Other Permanent Reserves*.

371. PREMIUMS ON STOCKS.

Premiums on stocks shall be sub-classified with respect to the several classes of stocks, for definitions of which see accounts under the head "Stocks". A sub-account shall be kept for each particular class of stocks, and such sub-accounts shall be severally entitled:

Premiums on Debenture Stocks,

Premiums on First Preferred Stocks,

Premiums on Second Preferred Stocks, etc., and

Premiums on Common Stocks.

When a premium is realized upon an issue of any particular class of stock, such premium shall be credited to the sub-account above provided for such class of stock, and such credit shall remain in such account so long as such stock remains outstanding. By the *premium realized* (as the words are above used) is meant the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value thereof shall be considered the premium realized.

372. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account shall be created for each particular purpose for which a reserve is raised, and the purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

39. Temporary Reserves defined.—By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. Temporary Reserves shall be classified as *Contractual Reserves* and *Non-contractual Reserves*.

40. Contractual Reserves defined.—*Contractual Reserves* are reserves necessitated by contracts of the corporation, as *e. g.*, reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account shall be raised for each particular contractual reserve, and to such account shall be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

41. Non-contractual Reserves defined.—*Non-contractual Reserves* are such temporary reserves as are raised without being required under any contract. Non-contractual reserves are divided into *Required* and *Optional*.

42. **Required Reserve accounts.**— Required reserves are provided for in the following accounts:

374. ACCRUED AMORTIZATION OF CAPITAL.

Credit to this account such amounts as are charged from time to time to "Operating Expenses," or other accounts to cover depreciation of plant and equipment, and other amortization of capital. When any capital is retired from service, the original money cost thereof (estimated if not known, and where estimated, that fact and the facts upon which the estimate is based shall be stated in the entry), less salvage, shall (except as provided in account No. G100, "Fixed Capital, December 31, 1908,") be charged to this account. The amount originally entered or contained in the charges to any capital account in respect of such capital so going out of service shall be credited to such capital account, and any necessary adjusting entry made to the appropriate sub-account under the account "Corporate Surplus or Deficit".

375. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidences of indebtedness and the accrued interest shall be credited to this account. At monthly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity shall be charged to this account and credited to "Amortization of Premium on Debt" in "Income" account; or at the option of the corporation the charge to this account may be delayed to a time not later than the date of maturity of the debt, in which case the proportion applicable to the period covered by the then current income account shall be credited to the account "Amortization of Premium on Debt," and the remainder of the credit shall be to the account "Other Additions to Surplus".

376. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve shall show the purpose of the reserve, and every subsequent entry with respect to that reserve shall designate the reserve to which it relates.

43. **Optional Reserve accounts.**— *Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

381. CASUALTIES AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account.

in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualties and Insurance Reserve". Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

382. OTHER OPTIONAL RESERVES.

A sub-account shall be raised for each particular reserve, and its title shall designate the purpose of such reserve and the first entry therein shall express in full such purpose.

44. Stocks defined.—By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

45. Stocks classified.—Stocks are classified as—

Debenture Stocks,

First Preferred Stocks,

Second Preferred Stocks, etc., and

Common Stocks.

46. Debenture Stocks defined.—*Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

47. First Preferred Stocks defined.—*First Preferred Stocks* are those which have the first claim upon such dividends as may be distributed. They may be cumulative or noncumulative, participating or nonparticipating. If *cumulative*, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends until satisfied; if *noncumulative*, such amount lapses. If a first preferred stock is *participating*, it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if *nonparticipating*, it is limited to the stipulated rate.

48. Second Preferred Stocks defined.—*Second Preferred Stocks* are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or noncumulative, participating or nonparticipating.

49. Common Stocks defined.—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

50. Voting Powers.—Stocks differ also in regard to the voting powers incident to ownership of them.

51. Retirement of Stocks.—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

52. Separate account required for each class of stocks.—In the accounts of stocks outstanding, a separate account shall be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they

are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks, and shall be clearly expressed in the first entry in such account. To the account for any class of stocks shall be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other consideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be by him disposed of for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess shall be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

SCHEDULE B.

INCOME ACCOUNT.

1. **Income and Indicant accounts compared.**—A comparison of the balances in the foregoing accounts (Schedule A) at any particular moment will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the *Balance Sheet* or *Indicant* accounts. Their balances indicate the condition of the corporation at any particular time. These accounts with their subsidiary accounts are all that are necessary prior to the time when the corporation becomes what may be called a "going concern".

When a corporation begins operations it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the *Income* account. They are made up usually on a yearly basis and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group.

2. **Divisions of Income account.**—The principal divisions of this group of accounts are the *Revenue* accounts, the *Revenue Deduction* accounts, the *Income Deduction* accounts, and the *Appropriation* accounts.

3. **Revenues defined.**—By *Revenues*, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interests in property). *Revenues* are classified as *Operating Revenues* and *Non-operating Revenues*.

4. **Operating Revenues defined.**—*Operating Revenues* are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its own operations.

5. **Non-operating Revenues defined.**—*Non-operating Revenues* are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as *Rents*, *Interest*, *Dividends*, and *Miscellaneous*.

6. **Revenue Deductions defined.**—*Revenue Deductions* include *Expenses*, *Taxes*, and *Uncollectible Bills*.

7. **Expenses defined.**—*Expenses* are those outgoes (including capital consumed) necessary to the production of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into *Operating Expenses* and *Non-operating Expenses*. *Operating Expenses* are those incident to the operating revenues.

8. **Taxes defined.**—*Taxes* are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. **Uncollectible Bills defined.**—When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity (as e. g., electric energy or gas for light, heat, or power), current accounts or claims against such consumers for such service rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills*.

10. **Gross Income, Income Deductions, and Net Corporate Income defined.**—Revenues, diminished by expenses, taxes, and uncollectible bills, give an amount called *Gross Income*, which is applicable to corporate and leased properties. Gross income is subject to several compulsory deductions, mostly contractual, like rent, interest, etc., and the remainder after these are made is called *Net Corporate Income*, which being subject only to the discretion of the corporation is most conveniently carried directly to the corporate surplus. The accounts covering the compulsory deductions from gross income, as above defined, are called the *Income Deduction* accounts.

11. **Appropriation accounts defined.**—The accounts covering the yearly changes in the corporate surplus are called the *Appropriation* accounts, since practically all of the matters covered by them are within the discretion of the corporation, although they also include certain adjustments made because of facts of previous years imperfectly accounted for at the time (whether through error or through lack of information), and certain other minor matters like extraordinary expenses not chargeable as deductions from revenues; also such matters as profits on the sale of capital, and profits and losses on the sale of investments.

12. **Definitions of Gas Operating Revenue accounts.**—Credits to the various revenue accounts shall be made upon the basis of bills rendered or of gross prices. Discounts for prompt payment, corrections of overcharges, overcollections theretofore credited and afterward corrected, authorized abatements and allowances, and other corrections and deductions shall be charged to the revenue account to which they relate. In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

431. MUNICIPAL STREET LIGHTING — GAS.¹

Credit to this account all revenues derived from lighting streets for municipal corporations by means of gas, or from supplying gas therefor.

NOTE.—In the foregoing account the word "streets" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

432. LIGHTING MUNICIPAL BUILDINGS — GAS.

Credit to this account all revenues derived from lighting municipal buildings by means of gas, or from gas supplied for such purposes, or for heat or power in municipal buildings where such gas is supplied at lighting rates and is not separately measured.

¹ Charges to this and the following revenue accounts must be made in such wise as to permit their classification in the annual report of the corporation to the Public Service Commission.

433. MUNICIPAL HEAT AND POWER — GAS.

Credit to this account all revenues derived from municipal corporations for gas supplied at special heat or power rates to such corporations for the production of heat and power.

434. MISCELLANEOUS GAS REVENUE — MUNICIPAL.

Credit to this account all revenues derived from supplying gas to municipal corporations and not provided for in the foregoing accounts; also those from the letting of engines and other gas equipment to such corporations.

435. PREPAID GAS.

Credit to this account all revenue derived from the sale of prepaid gas delivered through so-called "prepayment meters".

436. COMMERCIAL METERED LIGHTING — GAS.

Credit to this account all revenues derived from all consumers except municipal corporations for gas measured through ordinary meters and supplied for lighting at lighting rates.

NOTE A.—Where gas flowing through any ordinary meter is used by any other consumer than a municipal corporation for lighting and incidentally for heating or power purposes, the revenues derived therefrom shall be credited to this account.

NOTE B.—This account does not include gas sold or supplied to other gas corporations for distribution; for such gas, see account No. 438, "Other Gas Corporations".

437. COMMERCIAL HEAT AND POWER — GAS.

Credit to this account all revenues derived from all consumers except municipal corporations for gas supplied for heat or power at special heat or power rates.

NOTE.—This account does not include gas sold or supplied to other gas corporations for distribution; for such gas, see account No. 438, "Other Gas Corporations".

438. OTHER GAS CORPORATIONS.

Credit to this account all revenues derived from gas sold or supplied to other gas corporations to be by them distributed through their own pipes to consumers. If any portion of such gas is incidentally consumed by such corporations for their own benefit, whether for light, heat, or power, it shall be included herein, if not separately measured, or if included under the same contract with that which is distributed by them to consumers.

439. COMMISSIONS ON OTHERS' GAS.

Credit to this account all revenue accruing to the corporation for distributing gas of other companies through its pipes and selling the same, and for all other services performed in connection therewith.

NOTE.—In case the corporation distributes through its pipes the gas of another company, the corporation shall charge "Cash" or the appropriate sub-account (or accounts) under "Accounts Receivable" with the value of the gas of such other company supplied by the corporation to consumers, and shall enter a corresponding credit to a clearing account "Gas Supplied by (blank) Company and distributed by this Corporation," [or, "by (blank)."] naming the corporation keeping the account] which account shall be cleared monthly by charging to such clearing account the amount necessary to balance, and crediting to the account "Commissions on Others' Gas" the corporation's proportion of the total revenue, and to the account of the company supplying such gas to the corporation that company's proportion of such total revenue.

440. RENT OF GAS APPLIANCES.

Credit to this account all revenues derived from the letting of gas engines, heating appliances, lamps, and other gas apparatus and appliances (except

meters) to others than municipal corporations. Where the contract of letting names only a single consideration for both the letting and the maintenance of the appliances so let, the entire revenue shall be included in this account.

441. GAS MERCHANDISE AND JOBBING REVENUE.

Credit to this account all receipts from the sale of gas merchandise and from gas jobbing. Charge to this account the cost to the accounting corporation of gas merchandise sold, such cost including transportation charges paid on such goods.

Credit also to this account the profit or commission accruing to the corporation on all jobbing work performed by it as agent under agency contracts, whereunder it undertakes to do jobbing work for another for a stipulated profit or commission upon its actual expense for labor, materials, and supplies.

NORM A.—In its annual reports to the Public Service Commission the reporting corporation will be required to analyze the credits and debits to this account.

NORM B.—This account does not include receipts from the sale of superseded equipment, or of junk or other scrap or salvage.

442. SALE OF RESIDUALS AND BYPRODUCTS.

Credit to this account all revenue derived from the sale of residuals and byproducts.

This account shall be so kept as to enable the corporation to show in its annual report to the Public Service Commission the amounts of revenue derived from the following sources:

- Sale of Gas Coke,*
- Sale of Coal-gas Tar,*
- Sale of Water-gas Tar,*
- Sale of Ammoniacal Liquor,*
- Sale of Other Residuals and Byproducts.*

NORM A.—The amount of revenue from the sale of any residual or byproduct shall be determined by the price received at the point of delivery to the purchaser, and any expense incurred by the corporation in effecting delivery shall be charged to the appropriate operating expense account.

NORM B.—Residuals and byproducts consumed by the corporation shall not be credited to the account "Sale of Residuals and Byproducts".

443. JOINT GAS RENT REVENUE.

When any corporation engages in gas operations for the production of some of its product for the benefit of another or others under an arrangement for apportioning the expense upon the basis of the relative amounts of benefit to the several participants in the arrangement, if such arrangement provides for the receipt by the corporation of any profit or return upon its property, such profit or return upon property shall, as it accrues, be credited month by month to this account. Such profit or return must be over and above any provision for wear and tear and depreciation of plant involved in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

444. OTHER MISCELLANEOUS GAS REVENUE.

Credit to this account all revenues derived from others than municipal corporations for the supply of gas and from other gas operations not includible in any of the foregoing accounts.

13. Revenue from Outside Operations.—The detailed revenue accounts for operations other than the above mentioned will be provided for elsewhere.

14. Operating Expenses defined.—By the *operating expenses* of a corporation are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of the commodities produced, and to the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived are excluded from operating expenses.

15. Definitions of certain terms used in connection with expense accounts.—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

16. Definitions of Gas Operating Expense accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the ~~additions~~

GENERAL ACCOUNTS.

I. Production Expenses.

II. Transmission and Distribution Expenses.

III. Municipal Street Lighting Expenses.

IV. Commercial Expenses.

V. General and Miscellaneous Expenses.

I. PRODUCTION EXPENSES.

NOTE.—In case the accounting corporation operates two or more separate and distinct plants for the production of gas, it will be required to keep (with the detail herein prescribed) separate accounts covering production at the several plants. In case the circumstances of any corporation make it impracticable to allocate the cost of its works labor among the accounts below prescribed, it should petition the

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Public Service Commission for permission to consolidate two or more of them. Such application must set out in full the facts which in the judgment of the petitioner make such allocation impracticable.

601. WORKS SUPERINTENDENCE AND LABOR.

Charge to this account all matters provided for under the following heads:

WORKS SUPERINTENDENCE: This head includes the cost of labor of the engineer in charge of works and his assistants, also day and night foremen and station clerks.

BOILER HOUSE LABOR: This head includes the cost of labor employed in weighing and handling coal, coke, and breeze from place of storage to boilers; labor employed in operating boilers and engines (including such labor as that of shovellers, weighers, boiler firemen and engineers, and oilers); and labor employed in pumping oil tar from generators through separators to storage tanks, and from storage tanks to boilers; also such labor as that of pump house men.

RETORT HOUSE LABOR: This head includes the cost of labor employed in firing benches, charging and re-charging retorts, patching and scurfing retorts, cleaning pipes and lids, quenching and handling coke used under benches, and handling coal from place of storage to retort house. This includes such labor as that of foremen, firemen, furnacemen, retort and boiler tenders, patchers, pipemen, lid cleaners, coke quenchers, guymen, riggers, shovellers, and wheelers.

GENERATOR HOUSE LABOR: This head includes the cost of labor employed in weighing and handling coal and coke from place of storage to charging floor, and in operating, firing, clinkering, and cleaning generators. This includes such labor as that of shovellers, weighers, pumpers, generator firemen, and runners.

PURIFIER HOUSE LABOR: This head includes the cost of labor employed in changing purifier boxes, revivifying oxide, and removing spent oxide to refuse pile. This includes such labor as that of foremen and laborers.

MISCELLANEOUS LABOR AT WORKS: This head includes the cost of general labor in and about the works not specifically engaged in the manufacture of gas, such as that of watchmen, janitors, and messengers, laborers employed in cleaning up yards, removing snow, and cleaning out refuse pile.

602. BOILER FUEL.

Charge to this account the cost (in storage pile) of fuel used under boilers. This includes cost of fuel used, freight, demurrage charges, and labor and cartage in discharging and transferring fuel from point of shipper's delivery to place of storage.

NOTE.—If boiler fuel is delivered from point of shipper's delivery to boilers by other than boiler house labor, cost of such labor should be added to cost of fuel.

603. WATER.

Charge to this account the cost of water used for gas production.

604a. FUEL UNDER RETORTS.

Charge to this account the cost (in storage pile) of fuel used under retorts. This includes cost of fuel used, freight, demurrage charges, and labor and cartage employed in discharging and transferring fuel from point of shipper's delivery to storage pile.

NOTE.—If fuel is delivered from storage to retort house by other than retort house labor, cost of such labor should be added to cost of fuel.

604b. COAL CARBONIZED.

Charge to this account the cost (in storage pile) of gas coal used in retorts. This includes invoice cost of coal used, freight, demurrage charges, and labor and cartage employed in discharging and transferring coal from point of shipper's delivery to storage pile.

NOTE.—If coal is delivered from storage to retort house by other than retort house labor, cost of such labor should be added to cost of coal.

605. COAL GAS ENRICHER.

Charge to this account the cost (in storage) of enricher materials used in enriching coal gas. This includes cost of enricher used, freight, demurrage charges, and labor and cartage employed in transferring enricher from point of shipper's delivery to storage.

606. GENERATOR FUEL.

Charge to this account the cost (in storage pile) of fuel used in generators. This includes invoice cost of fuel used, freight, demurrage charges, and labor and cartage employed in discharging and transferring fuel from point of shipper's delivery to storage pile.

NOTE.—If generator fuel is delivered from storage to generator house by other than generator house labor, cost of such labor should be added to cost of generator fuel.

607. WATER GAS OIL.

Charge to this account the cost (in storage tanks) of gas oil or naphtha used in making water gas. This includes invoice cost of oil used, freight, demurrage charges, and labor and cartage employed in getting oil from point of shipper's delivery to storage tanks.

608. PURIFICATION SUPPLIES.

Charge to this account the cost of material used in gas purification. This includes the average cost of oxide actually used (the invoice cost and freight, plus shavings, plus labor and cartage necessary to store it, plus the cost of mixing it), and the invoice cost of lime actually used.

609. MISCELLANEOUS WORKS EXPENSE.

Charge to this account the cost of sundry supplies and expenses in connection with the works not includible in other accounts. This includes lubricating oil, waste and packing, and other small materials of like nature used in gas production; also incidental items, such as telephone, ice, brooms, mops, kerosene, soap, towels, and similar expenses.

610. REPAIRS OF WORKS AND STATION STRUCTURES.

Charge to this account the cost of all repairs of works and station structures, including permanent piers and other foundations. Such structures include retort houses, generator houses, purifier houses, engine houses, boiler houses, meter houses, coal sheds, coke sheds, tar houses and wells, oil tanks, and other structures for storage of fuel to be consumed or carbonized in the production of gas and the operations auxiliary thereto; structures for residuals and byproducts; appurtenant walks, fences, drives, tramways, trestles, etc., and all fixtures permanently attached to such structures and made a part thereof; also all buildings, holder houses, and other structures at outlying holder stations, except the holders and their appurtenances.

NOTE.—Repairs of short-lived and specially provided foundations and settings for furnaces and boilers, steam engines, gas engines, pumps, generators, benches, condensers, washers, scrubbers, purifiers, etc., shall not be included herein. Such

foundations and settings and the apparatus and machinery to which they pertain are not intended to be included under the term fixtures as above used. Nor shall repairs of gas holders be included in this account.

GC508. REPAIRS OF POWER PLANT EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF FURNACES, BOILERS, AND ACCESSORIES: This head includes the cost of repairing all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in producing gas and in furnishing motive power in gas works and stations. This covers boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances. It also covers mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators; and pipes for conducting steam from the boiler to the engine, to condensers, or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

REPAIRS OF STEAM ENGINES: This head includes the cost of repairing all steam engines devoted to use as prime movers in gas works, including the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), includes the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe.

REPAIRS OF GAS ENGINES: This head includes the cost of repairing all gas engines devoted to use as prime movers in gas works and stations, including the specially provided foundations and settings of such engines. The engine includes the inlet valve, governor, and ignition and starting apparatus, but not the pipe leading from the gas holder, nor the exhaust pipe.

REPAIRS OF MISCELLANEOUS POWER PLANT EQUIPMENT: This head includes the cost of repairing all miscellaneous power plant equipment at gas works which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the apparatus operated, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

NOTE—Charges to this account must be made in such manner as to permit their analysis in accordance with the foregoing heads.

GC611. REPAIRS OF GAS APPARATUS.

Charge to this account all matters provided for under the following heads:

REPAIRS OF BENCHES AND RETORTS: This head includes the cost of all repairs of benches, including the retorts and their settings, and auxiliary piping, including ascension pipes, and foul and hydraulic mains.

REPAIRS OF WATER GAS SETS AND ACCESSORIES: This head includes the cost of repairing all water gas generators and accessories devoted to the production of gas, the specially provided foundations and settings for such water gas sets, and the flues leading therefrom to smokestacks and chimneys. This covers not only generators, carbureters, superheaters, seals, and piping connected therewith, but also blast apparatus, oil and steam supplying apparatus, oil heaters, etc. It does not include pipes whose primary purpose is the warming of buildings.

REPAIRS OF PURIFICATION APPARATUS: This head includes the cost of all repairs of the apparatus for purifying gas, including condensers, washers, scrubbers, purifiers, tar extractors, etc., and their specially provided foundations and settings.

REPAIRS OF HOLDERS: This head includes the cost of all repairs of gas holders and appurtenances at works and of those at district stations.

NOTE.—Repairs of holder housings shall be charged to account No. 610, "Repairs of Works and Station Structures".

REPAIRS OF MISCELLANEOUS EQUIPMENT: This head includes the cost of repairing all accessory equipment and apparatus used in the production and storage of gas not specifically provided for in the foregoing accounts, including repairs of exhausters, station meters, governors, etc.; apparatus for charging retorts; conveyors for disposing of coke and other products and residuals; tar and ammonia apparatus, pumps, pipes, tanks, etc.

NOTE.—Charges to this account must be made in such manner as to permit their analysis in accordance with the foregoing heads.

615. REPAIRS OF WORKS TOOLS.

Charge to this account the cost of repairing such tools and implements used in the production and storage of gas as have been capitalized.

616. GAS STORAGE.

Charge to this account the cost of labor and material (except repairs) employed in storing and regulating the flow of gas to distributing mains by holder pressure. This includes labor of firemen, engineers, valvemen, and superintendents when engaged on gas storage; and cost of coal, coke, water, and incidentals.

617. GAS FROM OTHER SOURCES.

Charge to this account the cash purchase price of gas bought from other companies for distribution through the system of the accounting corporation; also the corporation's proportion of the cost of production (including maintenance, but not including any pure rent or return upon the value of property employed) of gas produced by another concern for the use of the corporation under any joint arrangement for the sharing of expense upon the basis of the relative amounts of benefit to the several participants.

II. TRANSMISSION AND DISTRIBUTION EXPENSES.

631. TRANSMISSION PUMPING.

Charge to this account the cost of pumping gas through mains to the distribution system, including inspection and regulation of booster governors.

NOTE.—In gas operations, when gas is delivered to the supply system outside the works at substantially works pressure, the pipe system, including mains, feeders, and services (and supply pipes to outlying holders, if any), shall all be classed in the distribution system. When the pressure is raised by means of boosters and the gas is delivered to the pipes at higher than works pressure, and is later reduced in pressure and delivered to the distribution system proper, that portion of the pipe system used for conducting gas at the raised pressure shall be classed as the transmission system.

632. DISTRIBUTION SUPERINTENDENCE.

Charge to this account the cost of all labor employed in superintending the operation of the street department, fitting and repair shops, including the salaries of superintendents, foremen, clerks, timekeepers, messengers, watchmen, and janitors employed in the distribution department.

623. DISTRIBUTION SUPPLIES AND EXPENSES.

Charge to this account the cost of office maintenance and incidental expenses of the street and shop departments, including light, heat, telephone, water, ice, etc.

NOTE.—When the distribution office is combined with the works office or commercial office, charges like rent, light, etc., should be divided between them in a fixed ratio, based upon the relative amounts of use.

634a. GAS METER AND INSTALLATION WORK.

Charge to this account the cost of labor employed and material used in locking and unlocking meters, building inspection, pumping drip, cleaning service or house pipe with pump; setting, removing, re-setting and changing position of meters; and *temporary* repairs of leaks in house piping.

634b. WORK ON CONSUMERS' PREMISES.

Charge to this account the cost of installing gas stoves and other appliances on the premises of consumers, and of work done for consumers in maintaining the efficiency of their service, including complaint work and other work done in houses beyond the end of the meter outlet connection. This includes the cost of adjusting or changing location of house pipes, gas burners, fixtures, stoves and appliances, and the cost of new pillars, tips, burners, or devices not chargeable to repair accounts; it does not include such installation expense items as are provided for in the preceding account.

Credit to this account the cost element of receipts for jobbing work which the accounting corporation has performed as agent under agency contracts.

NOTE A.—Any profit or commission accruing to the corporation on jobbing work performed as agent shall be credited to account No. 441 "Gas Merchandise and Jobbing Revenue"; to that account shall also be credited all receipts from gas jobbing not done under agency contracts.

NOTE B.—Credits and debits to this account must be analysed in annual reports to the Public Service Commission.

635. REPAIRS OF GAS MAINS.

Charge to this account the cost of labor and material employed in repairing mains. This includes labor of foremen, inspectors, caulkers, tappers, pavers, drillers, skilled laborers, general laborers, and similar workers on street department payrolls, while engaged in repairing, altering, overhauling, changing position of or removing street mains; protecting exposed or undermined mains, searching for and repairing leaks in mains, and paving over any of the above work; also material and cartage in connection with the above work.

NOTE.—This account must be so kept as to enable the corporation to show separately in its annual report to the Public Service Commission the cost of repairing trunk lines and mains used for transmission of gas, and the cost of repairing those used for distribution.

In gas operations, when gas is delivered to the supply system outside the works at substantially works pressure, the pipe system, including mains, feeders, and services (and supply pipes to outlying holders, if any), shall all be classed in the distribution system. When the pressure is raised by means of boosters and the gas is delivered to the pipes at higher than works pressure, and is later reduced in pressure and delivered to the distribution system proper, that portion of the pipe system used for conducting gas at the raised pressure shall be classed as the transmission system.

636. REPAIRS OF GAS SERVICES.

Charge to this account the cost of labor and material employed in repairing services. This includes the same classes of labor as shown in account No. 635, "Repairs of Gas Mains," while engaged in repairing, altering, removing, relaying, cutting off, increasing the size of and changing the position of

services; searching for and repairing leaks in services; and paving over any of the above work; also material and cartage in connection with the work shown above.

637. REPAIRS OF GAS METERS.

Charge to this account the cost of testing and repairing consumers' meters.

638. REPAIRS OF DISTRIBUTION TOOLS.

Charge to this account the cost of sharpening and repairing such tools and implements as have been charged to capital accounts and are used in the street department and the fitting and repair shops.

639. REPAIRS OF GAS APPLIANCES.

Charge to this account the cost of repairs of gas lamps, stoves, engines, and other appliances owned by the corporation and rented to consumers.

III. MUNICIPAL STREET LIGHTING EXPENSES.

641. STREET LAMP OPERATING.

Charge to this account the cost of labor employed in cleaning and lighting street lamps, and extinguishing street lights; in inspecting and supervising the street lighting district; in reporting on re-lights and discontinues, and watching the hours of lighting and extinguishing; and the incidental expenses of street lamp operating.

642. STREET LAMP REPAIRS.

Charge to this account the cost of labor and material consumed in fitting up new lamp posts, re-fitting standpipes, cleaning services, cutting off services, re-caulking columns, removing posts, re-setting posts, re-fitting columns, straightening posts, and all other work of a similar character necessary to maintain the street lighting system to the degree of efficiency required by the city; also re-paving over openings made necessary by such work.

IV. COMMERCIAL EXPENSES.

GC551. COMMERCIAL ADMINISTRATION — GAS.

Charge to this account all matters provided for under the following heads:

a. Commercial Department General Labor: This head includes the cost of labor of superintendents and assistants, chief clerks, stenographers, general clerks, high bill clerks, switchboard operators, messengers, janitors, and watchmen employed in the commercial department.

b. Commercial Department Accounting: This head includes the cost of labor of bookkeepers and clerks employed on consumers' accounts.

c. Commercial Department Contracts: This head includes the cost of labor of clerks and other employees in the application or contract bureau.

d. Commercial Department Collecting: This head includes the cost of labor of regular and prepayment collectors.

e. Meter Reading: This head includes the cost of labor of meter readers.

f. Commercial Office Supplies and Expenses: This head includes the cost of supplies and the incidental expenses of the commercial office.

GC552. PROMOTION EXPENSES — GAS.

Charge to this account all expenses provided for under the following heads:

PROMOTION OFFICE EXPENSE — GAS: This head includes —

a. Promotion Management: The cost of administration of the department maintained for the promotion or development of gas consumption,

Including that portion of the salaries and expenses of management and clerks in agency and contract departments assignable to new business.

b. *Demonstrations*: The cost of labor and expenses incurred in exhibiting and demonstrating the use of gas appliances for the purpose of obtaining new business.

c. *Other Promotion Office Expenses*: The office expenses of the promotion or new business department.

ADVERTISING — GAS: This head includes —

a. *Advertising Salaries and Expenses*: The salaries and personal expenses of the advertising manager and clerks.

b. *Advertising Sundries*: The cost of commercial advertising sundries, including booklets, dodgers, newspaper advertisements, posters, bulletins, and all related items.

NOTE.—This head does not include the expense of advertising residuals, such being chargeable to the proper residual expense account.

CANVASSING AND SOLICITING — GAS: This head includes all expenses incurred in soliciting new business, including wages, commissions, and personal expenses of canvassers, cost of preparing estimates, engineering advice on gas installation, etc., and office sundries in connection therewith.

NOTE.—Charges to this account must be made in such manner as to permit their analysis in accordance with the prescribed heads.

V. GENERAL AND MISCELLANEOUS EXPENSES.

G822. SALARIES OF GENERAL OFFICERS AND GENERAL OFFICE CLERKS.

Charge to this account all matters provided for under the following heads:

SALARIES OF GENERAL OFFICERS: This head includes the salaries of the chairman of the board, president, vice president, treasurer, secretary, comptroller, general auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system and whose services can not be satisfactorily allocated to the several departments.

SALARIES OF GENERAL OFFICE CLERKS: This head includes the salaries and wages of general office auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, and all other clerks employed in the general office.

NOTE.—Cost of labor of clerks in the commercial department shall be charged to account No. G551, "Commercial Administration — Gas".

G825. GENERAL OFFICE SUPPLIES AND INCIDENTAL EXPENSES.

Charge to this account the cost of office supplies, repairs of office furniture, and renewals of such furniture as has not been capitalized; wages of janitors, porters, and messengers; rent of rooms in office buildings and repairs of such rented rooms; traveling and incidental expenses of general officers and other general office employees; and all other miscellaneous expenses of general offices. Office expenses of departmental officers must be charged to the proper departmental accounts.

NOTE A.—Rents charged to this account will be required to be reported separately.

NOTE B.—This account does not include cost of telegrams or of telephone service.

G836. GENERAL LAW EXPENSES.

Charge to this account all law expenses except those incurred in the defense and settlement of damage claims. This includes salaries and expenses

of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work, should be properly apportioned between this account and account No. G847b, "Law Expenses Connected with Damages".

G837. MISCELLANEOUS GENERAL EXPENSES.

Charge to this account the cost of telephone service, telegrams, and other miscellaneous expenses connected with the general management not otherwise provided for.

G838. INSURANCE.

Charge to this account premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

NOTE.—In their reports to the Public Service Commission corporations will be required to report the charges made to this account for the various kinds of insurance, and for self-insurance.

G839. RELIEF DEPARTMENT AND PENSIONS.

Charge to this account all matters provided for under the following heads:

RELIEF DEPARTMENT EXPENSES: This head includes all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

PENSIONS: This head includes all pensions paid to retired employees, and expenses in connection therewith.

G840. GAS FRANCHISE REQUIREMENTS.

Charge to this account the cost of all gas and other materials and supplies furnished to municipal corporations in compliance with franchise requirements and for which no payment is received by the corporation; also of all direct expense, such as paving and other like matters, incurred in compliance with such requirements and for which no reimbursement is received by the corporation. Amounts charged to this account for which there is no direct money outlay shall be credited to the below provided account No. G853, "Duplicate Gas Charges — Cr."

G841. RESIDUALS EXPENSE.

Charge to this account all expense specially incurred in connection with the utilization and sale of residuals and byproducts, such as coke, tar, ammonia, carbon, and other residuals and byproducts, etc.

NOTE.—Charges to this account must be made in such wise as to enable the corporation to show separately the following matters:

a. *Coke expense*, including the cost of all labor and supplies specially consumed and expense specially incurred in the disposal of coke over and above what would be necessitated by such disposition if the coke were not sold. This includes the cost of any special preparation of the coke for sale and the cost of hauling such coke to points of delivery.

b. *Tar expense*, including the cost of all labor and supplies specially consumed and all expense specially incurred in the disposition of tar over and above the expense that would be involved if such tar were consumed by the corporation. If

both coal gas and water gas are manufactured, and the resulting tars are separately disposed of, the tar expense shall be stated for each.

c. *Ammonia expense*, including the cost of all labor and supplies specially consumed and all expense specially incurred in the preparation and sale of ammonia or ammoniacal liquor over and above what would be involved if such liquor were consumed or wasted by the corporation.

d. *Other residuals and byproducts expense*, including the cost of all labor and supplies specially consumed and expense specially incurred in the preparation and disposition of other residuals and byproducts than those provided for under the foregoing three heads, over and above what would be involved if such residuals and byproducts were consumed by the corporation or wasted.

G842. GENERAL AMORTIZATION — GAS.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the month in the tangible gas capital of the corporation, such portion of the life of intangible fixed capital as has expired or been consumed during the month, and the amount estimated to be necessary to provide a reserve to cover the cost of property destroyed by extraordinary casualties; less the amounts charged for that month to the various repair accounts in Gas Operating Expenses. The amount charged (or credited) to this account shall be concurrently credited (or charged) to the reserve account No. 374, "Accrued Amortization of Capital".

NORM A.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of amount of gas sold. Amortization of intangible capital shall likewise be based on rule. Whatever may be its basis, such rules and a sworn statement of the facts and expert opinions and estimates upon which they are based shall be filed with the Public Service Commission on or before January 1, 1909; each amendment of any such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Amortization of Capital".

NORM B.—When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. G100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the reserve account, "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit". Where capital is substantially continuous and can not be satisfactorily individualized, it shall be kept in efficient operating condition through repair, and the renewals and replacements of parts thereof shall be considered repairs. In the case of buildings, towers, bridges, trestles, and other separate structures capable of being readily individualized, charges to this account must be sufficient to provide (in respect of such capital and except as provided in account No. G100, "Fixed Capital, December 31, 1908,") in the account "Accrued Amortization of Capital" by the time such structures go out of service a reserve equal to the original money cost thereof, less salvage, to which account such original cost, less salvage, shall be charged.

G845. GAS EXPENSES TRANSFERRED — CR.

Credit to this account the proportion of operating expenses (including depreciation and other amortization as well as repairs) chargeable to other

coordinate departments (such as electric or street railroad) within the same corporation, but defrayed in the first instance by the gas department.

NORM.—Do not credit to this account any allowance in the nature of rent or return upon the cost or value of property.

G846. JOINT OPERATING EXPENSE—CR.

When any plant or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the operating expenses, the portion of such expenses chargeable to others under the arrangement shall be credited to this account. The portion so credited must not include any allowance for profit or return upon the value of such property.

NORM A.—The foregoing should be read in connection with the definition of revenue account No. 443, "Joint Gas Rent Revenue".

NORM B.—In the case of the production of gas part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to the appropriate revenue account covering the sale of gas. (See account No. 438, "Other Gas Corporations.")

G847a. ACCIDENTS AND DAMAGES.

Charge to this account all expenses (other than law expenses provided for in the succeeding account) on account of persons killed or injured and property damaged in connection with the operation of the plant, as enumerated under the following heads, which must be separately shown in annual reports to the Public Service Commission:

a. *Claim Department Expense:* This head includes salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

b. *Medical Expenses:* This head includes salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

c. *Injuries to Employees:* This head includes amounts paid in settlement of claims of employees for injuries arising in the course of their employment; also wages paid to disabled employees while off duty.

d. *Other Personal Injuries and Property Damage:* This head includes amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the plant, and amounts paid in settlement of claims for damage to property not owned by the accounting corporation.

e. *Other Accident Expenses.*

NORM.—If it is desired that the charge to operating expenses on account of injuries and damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

G847b. LAW EXPENSES CONNECTED WITH DAMAGES.

Charge to this account all law expenses in connection with the defense or settlement of damage claims, including—

a. *Salaries and Expenses of Attorneys:* A proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work.

b. *Court Costs and Expenses*: Fees of court stenographers, expenses connected with taking depositions, and other court expenses.

c. *Law Printing*: Cost of law books, and cost of printing briefs, court records, and similar papers.

NOTE A.—In their annual reports to the Public Service Commission corporations will be required to classify the charges to this account under the three heads, (a), (b), and (c), above given.

NOTE B.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account No. G836, "General Law Expenses".

NOTE C.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 881, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

G848. GENERAL STATIONERY AND PRINTING.

Charge to this account all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing briefs and other legal papers shall be charged to account No. G836, "General Law Expenses," or G847b, "Law Expenses Connected with Damages," in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter shall be charged to account No. G6552, "Promotion Expenses — Gas," under the head of "Advertising — Gas".

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized, shall, if for use in general offices, be charged to account No. G825, "General Office Supplies and Incidental Expenses"; or if for the use of departmental officers, to the proper departmental accounts.

G850. STORE EXPENSES.

Charge to this account all salaries and expenses in connection with store-rooms, including cost of sending materials and supplies from general store-rooms to branch storerooms, and the collection of scrap material.

G851. STABLE EXPENSES.

Charge to this account the cost of feed, keep, and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses; also the cost of repairing harness and vehicles.

NOTE.—The cost of horses purchased to replace others should be charged to account No. G122, "General Equipment".

G852. UNDISTRIBUTED ADJUSTMENTS — BALANCE.

At least once a year an inventory of materials and supplies shall be taken, and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account in case it can not be assigned to a specific account. Credit to this account all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NOTE.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to account No. G285, "Miscellaneous Construction Expenditures".

G853. DUPLICATE GAS CHARGES — Cr.

Credit to this account all charges made to any accounts in gas operating expenses in respect of any gas or other product of gas operations of the corporation consumed therein.

17. **Expenses of Outside Operations.**—The detailed expense accounts for other than gas operations will be elsewhere provided for.

18. **Tax accounts.**—An account shall be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account shall be appropriately entitled (as e. g., "Taxes Assignable to Gas Operations," "Taxes Assignable to Non-operating Revenues," etc.), and shall be so kept as to show separately the following:

State Franchise Tax on Capital Stock,
State Franchise Tax on Gross Earnings,
Special Franchise Tax,
Taxes on Land (exclusive of improvements),
Taxes on Improvements on Lands,
Taxes on Personal Property,
Other Taxes (showing in detail).

To each tax account there shall be charged monthly the amount of taxes accruing during the month, and such amount shall be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any month shall, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter shall be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be \$600 for the year, the monthly charge on account of such tax should be \$50 until the amount of the levy becomes known. If during, say the fifth month, it is found that the levy for the year is \$640, there will already have been charged up four months at \$50 per month, leaving \$440 to be charged during the remainder of the year, or \$55 for the fifth month and each month thereafter during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Public Service Commission.

19. **Uncollectible Bills.**—For uncollectible gas bills the following account is provided:

G870. UNCOLLECTIBLE GAS BILLS.

When, after a reasonably diligent effort to collect, any account stated for gas sold has proved impracticable of collection, it shall be charged to this account and credited to the account receivable in which theretofore charged.

20. **Definitions of Non-operating Revenue accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

G901b. RENT ACCRUED FROM LEASE OF GAS PLANT.

Credit to this account monthly as they accrue all revenues flowing to the corporation from its interests in gas plant or equipment held by others under some form of lease whereby it surrenders possession of such property. This account contemplates that the *taxes* on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor (or its assignee), such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

G901d. MISCELLANEOUS RENT REVENUES.

Credit to this account monthly as they accrue all miscellaneous rent revenues flowing to the corporation as a return upon leased property other than gas plant and equipment. Such revenues shall be classified as follows:

Leasehold Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease the entire term of which is greater than one year. This contemplates that the *taxes* on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor (or its assignee), such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

Other Rent Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease or contract for a term not to exceed one year from the beginning of the term, or held at will or upon sufferance. This sub-account contemplates that the *taxes* on property of this character shall be paid by the landlord and charged to the appropriate tax account. If under the contract covering the holding for terms of one year or less, or at will, the taxes are to be paid by the tenant, the amount of such taxes shall be credited month by month to this account as they accrue, and shall correspondingly be charged to the tax account covering taxes on property of this character.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

902. INTEREST REVENUES.

Credit to this account monthly as it accrues all —

Interest from Bound Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing bound investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Free Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Other Sources: That is to say, all interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the two foregoing heads, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

903. DIVIDEND REVENUES.

Credit to this account at their cash value, and as of the date when collectible, all —

Dividends on Bound Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its bound investments.

Dividends on Free Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its free investments.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

904. PROFITS FROM OPERATIONS OF OTHERS.

Whenever, in accordance with the terms of any contract, the corporation is entitled to participate in the profits resulting from the operations of others, all revenues accruing to the corporation from such source shall be credited to this account.

NOTE.—This account does not include any dividends on stocks. Such dividends should be credited to account No. 903, "Dividend Revenues".

905. MISCELLANEOUS NON-OPERATING REVENUES.

To this account shall be credited all non-operating revenues accruing to the corporation and not provided for in any of the foregoing accounts.

12. *Definition of Non-operating Revenue Deductions account.*—To an account entitled "Non-operating Revenue Deductions" shall be charged all matters provided for under the following sub-accounts:

a. *RENT EXPENSE:* This sub-account includes all matters provided for under the following two heads:

Leasehold Expense: That is to say, all expense arising in connection with the procuring of revenues from leaseholds having terms greater than one year, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such leaseholds. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This head includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as reparable wear and tear. It does not include taxes.

Other Rent Expense: This head is analogous to the preceding head "Leasehold Expense," and differs from that only in that this provides for expense in connection with property let for a term of one year or less.

b. *INTEREST EXPENSE:* This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

c. *DIVIDEND EXPENSE:* This sub-account includes all expense arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement

or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

d. OTHERS' OPERATIONS EXPENSE: This sub-account includes the cost of negotiating contracts whereunder the corporation is to participate in profits resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

e. MISCELLANEOUS NON-OPERATING EXPENSE: This sub-account includes all non-operating expense (as hereinbefore defined) which is not provided for in the foregoing sub-accounts.

f. NON-OPERATING TAXES: This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

g. UNCOLLECTIBLE NON-OPERATING REVENUES: When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof shall be credited to the account in which theretofore charged, and charged to the account "Non-operating Revenue Deductions" under the head of "Uncollectible Non-operating Revenues".

NOTE.—In annual reports of corporations to the Public Service Commission this account will be required to be fully analyzed.

22. Income Deductions.—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by the operating expenses, the taxes, and the uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly for the non-operating revenues, the non-operating expenses, and the non-operating taxes.

The aggregate of the incomes from the several operations and the non-operating income is the gross income applicable to corporate and leased properties. As has before been said, the gross income is, in the usual case, subject to various compulsory deductions, and these are hereinafter called *Income Deductions*.

23. Definitions of Income Deduction accounts.—In the following definitions the letters and numbers prefixed to the titles of the several accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

921. INTEREST DEDUCTIONS.

Charge to this account monthly (or as otherwise below directed) all matters provided for under the following five heads:

Absolute Interest Accrued on Funded Debt: This head includes all interest accruing absolutely on the outstanding funded debt of the corporation.

Contingent Interest Accrued on Funded Debt: This head includes, when the contingency occurs, all interest accruing contingently on the outstanding funded debt of the corporation. This includes such matters as interest on income bonds.

Interest Accrued on Receiver's Certificates: This head includes all interest accruing on receiver's certificates which are liens upon the property of the corporation or any part of it.

Interest Accrued on Other Unfunded Debt: This head includes all interest accruing on all unfunded debt of the corporation except receiver's certificates.

Interest Accrued on Debenture Stocks: This head includes all interest accruing on the outstanding debenture stocks of the corporation.

Entries in the account "Interest Deductions" must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

922b. RENT FOR LEASE OF OTHER GAS PLANT.

Charge to this account monthly all amounts accrued against the accounting corporation for rent of gas plant and equipment which it holds under some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such plant and equipment shall not be charged to this account but to the appropriate Taxes account. If such taxes are (under the contract of lease) payable by the lessor or reversioner, they shall be credited to this account and charged to the appropriate Taxes account. Such taxes, when paid by the lessor or reversioner, shall be charged to its rent revenue account and not to its Taxes account, to the end that taxes upon such plant and equipment shall be reported by the corporation in possession.

922. OTHER RENT DEDUCTIONS.

Charge to this account the matters provided for in the following sub-accounts:

f. JOINT FACILITY RENTS: Where any plant or equipment is maintained or operated by another corporation for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such plant or equipment over and above depreciation and other expense of maintenance and operation, such pure rent, or profit, or return upon property shall be charged to this sub-account.

NOTE.—This should be read in connection with revenue account No. 442, "Joint Gas Rent Revenue".

g. MISCELLANEOUS RENT DEDUCTIONS: This sub-account includes all miscellaneous rents payable not elsewhere provided for.

NOTE A.—Rents for furnished offices (and for office rooms in office buildings heated and lighted by the landlord) should not be charged to this account, but to the appropriate expense account.

NOTE B.—Entries in this account must be made in such wise as to permit an analysis in the annual report of the corporation in accordance with the sub-accounts above defined.

923. SINKING FUND ACCRUALS.

Charge to this account month by month all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

924. GUARANTIES OF PERIODIC PAYMENTS.

Charge to this account all unsecured accruals of obligations arising under contracts whereby the corporation has guaranteed the annual or more frequent periodic payment of money or performance of other obligation on the

part of another corporation or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This account does not include such matters as guaranties of payment of principal of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the unsecured portion thereof shall be charged to this account.

925. LOSS ON OPERATIONS OF OTHERS.

Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged to this account.

926. OTHER CONTRACTUAL DEDUCTIONS FROM INCOME.

Charge to this account month by month all contractual liabilities arising from annual or other more frequent periodic matters and not includible in any of the foregoing accounts. This account includes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

927. AMORTIZATION OF LANDED CAPITAL.

Charge to this account at the close of any fiscal period such proportion of the original money cost (estimated if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account shall be concurrently credited to account No. 874, "Accrued Amortization of Capital".

NOTE B.—When any landed capital expires or is otherwise retired from service (as *e. g.*, through sale), the capital account or other indicant account (if any) originally charged therewith shall be credited with the amount originally charged, the account "Accrued Amortization of Capital" shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

928. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE.

Charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to account No. 939, "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

929. AMORTIZATION OF PREMIUM ON DEBT — CR.

Credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the

maturity of any debt will completely amortize or wipe out the premium at which such debt was issued. Such amortization may at the option of the corporation be effected by crediting all or any portion of such premium to account No. 931b, "Other Additions to Surplus," only upon the maturity of the debt.

24. Appropriations.—The balance resulting from closing the foregoing income deduction accounts for any fiscal period into gross income for that period gives the *Net Corporate Income* for the period. The net corporate income being of the same nature as the corporate surplus shall be closed into the "Corporate Surplus or Deficit" account. The group of accounts which show for any fiscal period the changes in the "Corporate Surplus or Deficit" account are designated the *Appropriation* accounts, for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period each of the appropriation accounts shall be closed into the "Corporate Surplus or Deficit" account.

25. Definitions of Appropriation accounts.—In the following definitions of the appropriation accounts the letters and numbers prefixed to the titles of the accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

931a. BAD DEBTS COLLECTED.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

931b. OTHER ADDITIONS TO SURPLUS.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

932. EXPENSES ELSEWHERE UNPROVIDED FOR.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc., fines levied on directors, officers, and other employees and assumed by the corporation, donations to funds, to churches and other associations, and other like expenses and outgoes.

933. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall thereupon be charged to this account. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

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934. AMORTIZATION ELSEWHERE UNPROVIDED FOR.

Charge to this account such amortization as is not elsewhere provided for. This account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

935. APPROPRIATIONS TO RESERVES.

Charge to this account all optional appropriations to reserves.

936. GIFTS TO CONTROLLED CORPORATIONS.

Charge to this account all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

937. OTHER APPROPRIATIONS.

Charge to this account all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

938. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as have been provided for in the heretofore defined "Uncollectible Bills" account must not be included in this account.

939. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

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UNIFORM SYSTEM OF ACCOUNTS

**AS ESTABLISHED FOR GAS CORPORATIONS WITH ANNUAL GROSS
OPERATING REVENUES BELOW \$100,000.**

ADOPTED DECEMBER 16, 1908; EFFECTIVE JANUARY 1, 1909.

**STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION, SECOND DISTRICT.
At a session of the Public Service Commission, Second
District, held at the Capitol, Albany, on the 16th
day of December, 1908.**

Present:

**FRANK W. STEVENS, Chairman,
THOMAS M. OSBORNE,
MARTIN S. DECKER,
JAMES E. SAGUE,
JOHN B. OLMSTED,
Commissioners.**

Ordered: That, except as hereinafter provided:

1. On and after January 1, 1909, every gas corporation whose revenues from gas operations as defined in the hereto annexed schedule marked "Schedule A" were, during the year ended June 30, 1907, below the sum of one hundred thousand dollars (\$100,000) shall keep upon its books the accounts prescribed or defined in the said "Schedule A", so far as the said accounts are pertinent to the facts and circumstances of the said corporation. The term gas corporation is used herein in the sense defined in the Public Service Commissions Law (except that corporations whose operations are confined exclusively to natural gas, gasoline gas, and acetylene, are excluded herefrom).

2. On and after the date of service of this order on any such gas corporation, such corporation shall not charge to any account representing cost of property any discount or commission on securities issued by the said corporation, but shall charge all such discounts, commissions, and other expense connected with the issue of securities subsequent to the said date of service, in accordance with the directions contained in the definitions of the account named Organization, and the account named Unamortized Debt Discount and Expense, in the said "Schedule A".

3. On and after January 1, 1909, every such gas corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule B", so far as the same are pertinent to the facts and circumstances of the said corporation.

4. During the year beginning January 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun January 1, 1908; provided that on or before January 1, 1909, there be filed with the Public Service Commission a statement containing a list of the said accounts pertaining to the year begun January 1, 1908, and definitions of such accounts.

5. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books

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any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary, experimental, or divisional account, the said corporation shall file with the Public Service Commission, at least ten days in advance of the time when the said account is to be instituted, a statement showing the name of the said account, the date when it is to be instituted, the purpose for which it is to be kept, the period of time during which it is to be kept, and a clear and accurate definition of the classes of items and facts to be contained in the said account; and in case of a divisional account, the definition of the division covered. Upon compliance with the provisions of this paragraph, any account herein prescribed or defined in either said "Schedule A" or said "Schedule B" may be subdivided.

6. All notices herein required to be filed concerning accounts shall be upon sheets 9 $\frac{1}{4}$ inches by 12 inches in size, and shall be entitled in the name of the corporation filing said notices, followed by a brief statement of the character of the accounts covered by the notice.

SCHEDULE A

BALANCE SHEET OR INDICANT ACCOUNTS.

1. **Gas Corporations and Gas Operations defined.**—Section 2 of the Public Service Commissions Law defines *gas corporation* as follows:

§ 2. . . . The term "gas corporation" . . . includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever, owning, operating, managing or controlling any plant or property for manufacturing and distributing and selling for distribution or distributing illuminating gas (natural or manufactured) for light, heat or power.

Gas operations, as the term is hereinafter used, include all acts and transactions directly connected with the operation of a plant for the production of gas (whether natural or manufactured), the transmission thereof and the supply thereof to consumers for light, heat, or power, and all operations incident thereto, including the collection of revenues therefor and the disposition of byproducts produced in connection therewith.

2. **Accounts to be kept by double-entry method.**—All accounts kept by any corporation or person within the scope of the present order shall on and after January 1, 1909, be kept by the double-entry method.

NOTE.—This requirement is not intended to apply to purely statistical accounts.

CAPITAL ACCOUNTS.

3. **Capital defined.**—As the term is used herein, by *capital* of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. **Fixed Capital defined.**—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen¹) is called *fixed capital*.

5. **Floating Capital defined.**—Capital other than fixed capital is called *floating capital*.

6. **General Capital and Departmental Capital defined.**—Fixed capital is divisible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the uses of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

7. **Landed Capital and Non-landed Capital defined.**—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called *non-landed capital*.

8. **Intangible and Tangible Capital distinguished.**—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible property within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses.¹

9. **Further Classification of Capital.**—Capital is also divisible into *original capital*, *additions*, *betterments*, and *renewals and replacements*, as defined below. Charges to capital accounts shall show these divisions as set forth in paragraph 21, *infra*.

10. **Original Capital defined.**—*Original capital* is that put into service at the outset of an enterprise.

11. **Additions defined.**—*Additions* include additional structures, facilities, or equipment not taking the place of anything previously existing.

12. **Betterments defined.**—*Betterments* include the enlargement or improvement of existing structures, facilities, and equipment.

13. **Renewals defined.**—*Renewals* include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. **Replacements defined.**—*Replacements* include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When a substitute has a substantially greater capacity than that for which it is substituted, the cost of substitution of one of the same capacity as the thing replaced should be charged as a replacement, and the remaining portion of the cost of the actual substitute should be charged as a betterment.

15. **Repairs defined.**—When through wear and tear or through casualty it becomes necessary to replace some part of any structure, facility, or unit of equipment, and the extent of such replacement does not amount to a substantial change of identity in such structure, facility, or unit of equipment, the replacement of such part is to be considered a repair, and the cost of such repair is to be treated as an operating expense and must not be charged as a replacement in any capital account.

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

16. *First entries must enable identification.*—Throughout all capital accounts, the first entry in respect of any particular thing shall describe it with such particularity as to enable its identification, and shall give it a distinguishing name, number, or other designation by which it shall thereafter be designated in every entry in any capital account which in any way concerns it. In the case of continuous structures like railroad track, or electric line, or pipe line, such structures shall be itemized to the extent that no item shall contain more than one operating division or more than one type of construction, and the first entry in relation to any item shall describe the size, weight, type, and other principal physical characteristics of the chief constituent parts, together with their spacing if discontinuous.

17. *Costs of new capital to be actual money costs.*—All charges made to capital or other accounts on or after January 1, 1909, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

18. *Discounts upon securities not to be charged to capital accounts.*—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

19. *Costs of labor, materials, and supplies.*—Cost of labor (employed in construction) includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of materials and supplies consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

20. *Withdrawals or retirements.*—When anything is withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

21. *Particulars required to be shown in entries.*—Every charge made to a capital account on or after January 1, 1909, shall show whether the thing in respect of which the charge is made is original capital, or an addition, a betterment, a renewal, or a replacement. If the thing is a betterment, the entry shall designate the thing enlarged or improved and shall cite by name and page of book or other record the original entry of cost of such thing

enlarged or improved. If the thing to which any charge hereafter made relates is a renewal or a replacement, the entry made in respect thereof shall designate the thing renewed or replaced and shall cite by name and page of book or other record the original entry or entries of cost of such thing renewed or replaced. If there is no entry in the accounts of the corporation showing the cost (to the corporation) of the thing bettered, renewed, or replaced, that fact shall be stated in the entry describing the betterment, renewal, or replacement, and the original cost of such thing to the corporation shall be stated. Such cost shall be estimated if not known, and when estimated the basis of such estimation shall be shown.

22. Betterments involving partial destruction of thing bettered.—If any betterment involves the partial destruction or partial reconstruction of the thing bettered, only such portion of the cost of the change shall be charged as a betterment as will when added to the original cost (estimated if not known) of the thing bettered give the cost of reconstruction or replacement of the thing as bettered, and the remainder of the cost of the change (account being taken of any salvage) shall be charged to the appropriate repair account.

E. g., a building, original cost unknown but estimated to be \$15,000, is bettered by the construction of an elevator shaft, and its stairways are modified so as to be fireproof; the actual expenditure for these changes is \$8,000; the estimated cost of replacement of the building (as modified) with one equally serviceable and with an equal expectation of life is \$16,000; the charge to capital account as a betterment should be \$1,000, and the remainder (\$2,000) of the expenditure should be charged to the appropriate repairs account.

23. Plant and equipment and other capital purchased.—When any fixed capital in the form of a going or completed plant is purchased, an appraisal of such capital so acquired shall be made, and the different constituent elements of the plant (and equipment, if any) or other capital acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence, and inadequacy. If the actual money value of the consideration given for the plant or other capital was at the time of the acquisition in excess of such appraised value, the excess shall be charged to the account "Other Intangible Gas Capital," and the appraised values of the constituent elements shall be charged to the appropriate accounts as designated in the following definitions of accounts for fixed capital. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each plant or other such fixed capital purchased, will be required to be made to the Public Service Commission, and the purchaser will be required to procure in connection with the acquisition of any such plant or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such plant, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

24. Definitions of Fixed Capital accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

G100. FIXED CAPITAL, DECEMBER 31, 1908.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to gas operations as such capital stood at the close of December 31, 1908. Such charges shall be made at the figures at which such capital was carried on the books of the said person or corporation on that date. When any capital included in such account is retired from service, the amount at which it is charged therein shall be credited to this account; the amount of depreciation or other amortization thereon applicable to the period subsequent to December 31, 1908, shall be charged to account No. 374, "Accrued Amortization of Capital," proper account shall be taken of any salvage, and the remainder of the amount originally charged to capital shall be concurrently charged to the Corporate Surplus or Deficit account (or equivalent account carried on the books on December 31, 1908), unless there was carried on the books at that date a reserve to cover retirement of capital from service, in which case the said concurrent charge shall be made to such retirement reserve account. If the amount at which the said capital in service on December 31, 1908, and subsequently retired from service, was included in the said account is not disclosed on the books and records of the accounting person or corporation and is not within the knowledge of such person or corporation or officers or other employees thereof, it shall be estimated, and such estimated amount shall be treated as is above directed for the actual amount, the fact of estimation being stated in the entry.

NOTE.—Corporations will be required to carry as sub-accounts of the account "Fixed Capital, December 31, 1908," the several accounts on their books on that date which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

The following capital accounts are prescribed for transactions subsequent to December 31, 1908:

G110. LAND DEVOTED TO GAS OPERATIONS.

Charge to this account the cost of the accounting corporation's landed capital which is devoted to gas operations as hereinbefore defined. This includes land occupied by gas works and their appurtenances and rights of way for transmission and distribution lines and other pipe lines, where such rights have lives in excess of one year from the date when such land is placed in service. Such cost includes, when assumed or paid by the purchaser in its own behalf, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired; also costs of obtaining consents and payments for abutting damages.

NOTE A.—Cost of buildings and other improvements must not be included in this account.

NOTE B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to its gas operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the appropriate structures account, and excluded from the account "Land Devoted to

Gas Operations". If such improvements are not devoted to gas operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land Devoted to Gas Operations". The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Public Service Commission the subdivision of the cost of its land devoted to gas operations into the following:

Land Occupied by Gas Works.

Land Occupied by Outside Holder Stations.

Water Rights.

Other Land Devoted to Gas Operations.

101. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiation and issue of stock thereunder, shall be classed as additions. Cost of preparing and filing certificates of amendment of articles of incorporation shall be classed as a betterment. Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classed as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

G102. FRANCHISES (GAS).

To this account shall be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" (section 69 of the Public Service Commissions Law) as is necessary to the conduct of the corporation's gas operations. If any such franchise is acquired by mere assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Gas Capital". If any such franchise has a life of not more than one year after the date when it is placed in service, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments" if extending beyond the fiscal year.

Payments made to the State or to some subdivision thereof as a consideration for granting an extension for more than one year of the life period of a franchise shall be classed as renewals. Those made as a consideration for franchises or extensions thereof covering additional territory to be operated

as a part of an existing system shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NOTE—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

G103. PATENT-RIGHTS (GAS).

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's gas operations. If any such right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent-right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

G104. OTHER INTANGIBLE GAS CAPITAL.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to gas operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

G121. GENERAL STRUCTURES.

Charge to this account the cost of all buildings and other structures of a permanent character devoted to general corporate purposes, not restricted to gas operations and not includible in any of the departmental accounts; also of all fixtures permanently attached thereto and made a part thereof, such as water pipes and fixtures, steam pipes and fixtures for warming and ventilating, gas pipes and fixtures for lighting, etc., electric wiring and fixtures for lighting, signaling, etc.; elevators, etc., and the engines and motors specially provided for operating them; furnaces, boilers, etc., specially provided for producing steam for such engines and for heating; electric generators specially provided for producing current for lighting such buildings, etc. This account includes such piers and other foundations for machinery and apparatus as are designed to be as permanent as the buildings in (or in connection with) which they are constructed, and to outlast the first machinery or apparatus mounted thereon.

NOTE A.—Among such buildings may be mentioned general office buildings, general shop buildings, general storehouses, general stable buildings, etc. Where general offices, shops, storehouses, stables, etc., are in buildings includible in a departmental account, as e. g., in a retort house, no part of the cost of such building shall be charged to this account. This account is provided for structures of a general or miscellaneous character not assignable to any particular department.

NOTE B.—When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a general building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate departmental capital account, and no part to the account "General Structures".

NOTE C.—The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, should be charged to the same account as is the cost of the machinery or apparatus for which they are provided.

G122. GENERAL EQUIPMENT.

Charge to this account the cost of all equipment of general structures, as provided under the following heads:

a. *General Office Equipment*: This includes the cost of all equipment of general offices, such as desks, chairs, tables, movable safes, filing cases, drafting-room equipment, and other like office appliances and equipment; also engineering instruments.

b. *General Shop Equipment*: This includes the cost of all equipment specially provided for general shops, such as furnaces, boilers, gas producers, engines, electric generators, and other power apparatus used in operating machinery in such shops; machine tools, cranes, hoists, shafting, belts, and the like shop equipment; also such smithing equipment in general shops as is used principally for other general purposes than shoeing horses and repairing vehicles.

NORM.—Hand and other small portable tools liable to be lost or stolen shall not be included herein, but portable tools and apparatus of special value may be charged to this account and remain herein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

c. *General Store Equipment*: This includes the cost of all equipment of general store structures, such as movable counters, movable shelving, and other movable equipment of like nature, carts, barrows, trucks, etc., and other apparatus and appliances used in handling materials and supplies.

NORM.—Counters, shelving, and the like which are permanently attached to the structure shall be charged to account No. G121, "General Structures," and not to this account.

d. *General Stable Equipment*: This includes the cost of all equipment of general stables, including horses, harness, drays, wagons, automobiles and other vehicles, equipment of shoeing shops, harness repair shops, vehicle repair shops, etc.

221. WORKS AND STATION STRUCTURES.

Charge to this account the cost of all structures at works devoted to the production of gas, including purification and all other processes performed upon such gas antecedent to its entrance into the station holder; also of all buildings and other structures at outlying holder stations, except the holders and their appurtenances as provided in the following account, "Holders". Such structures include retort houses, generator houses, purifier houses, engine houses, boiler houses, meter houses, coal sheds, coke sheds, tar houses, oil tanks, tar wells, and other structures for storage of fuel to be consumed or carbonized in the production of gas and the operations auxiliary thereto; structures for residuals and byproducts; appurtenant walks, fences, drives, tramways, trestles, etc., and all fixtures permanently attached to such structures and made a part thereof.

NORM.—Such piers and other foundations for machinery and apparatus as are designed to be permanent and to outlast the first machinery or apparatus mounted thereon shall also be charged to this account; but short lived, temporary, or specially provided foundations and settings for furnaces and boilers, steam engines, gas engines, pumps, generators, benches, condensers, washers, scrubbers, purifiers, etc., shall go with the machinery and apparatus to which they are related. Gas holders are not includible in this account.

222. HOLDERS.

Charge to this account the cost of all holders at works and outlying stations, including tanks, foundations, holders, frame work, guides, pulleys, etc., and inlet and outlet valves of such holders.

Note.—Holder housings shall be charged to account No. 221, "Works and Station Structures".

G141a. FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in producing gas and in furnishing motive power in gas works and stations. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also iron smokestacks. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine, to condensers, or to the gas generators, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

G141b. STEAM ENGINES.

Charge to this account the cost of all steam engines devoted to use as prime movers in gas works. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe.

G143b. GAS ENGINES.

Charge to this account the cost of all gas engines devoted to use as prime movers in gas works and stations. This includes the specially provided foundations and settings of such engines. The engine includes the inlet valve and governor, and ignition and starting apparatus, but not the pipe leading from the gas holder, nor the exhaust pipe.

G145. MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of all miscellaneous power plant equipment at gas works which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, counterweights, and other apparatus intermediary between the prime mover and the apparatus operated, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

223. BENCHES AND RETORTS.

Charge to this account the cost of all benches and retorts devoted to the production of coal gas. This includes the cost of specially provided foundations and settings and auxiliary piping, including foul and hydraulic mains.

G143a. WATER GAS SETS AND ACCESSORIES.

Charge to this account the cost of sets and accessories devoted to the production of water gas, including the cost of specially provided foundations and settings for such sets. This account includes not only generators, carbureters,

superheaters, seals, and piping connected therewith, etc., but also blast apparatus, oil and steam supplying apparatus, oil heaters, etc. It does not include pipes whose primary purpose is the warming of buildings.

224. PURIFICATION APPARATUS.

Charge to this account the cost of all purification apparatus, such as condensers, washers, scrubbers, purifiers, tar extractors, etc., and their auxiliary apparatus and piping, including the cost of specially provided foundations and settings.

225. ACCESSORY EQUIPMENT AT WORKS.

Charge to this account the cost of all equipment at works and holder stations which is not includible under any of the foregoing accounts. This includes exhausters, station meters, governors, etc.; apparatus for charging retorts; conveyors for disposing of coke and other products and residuals; tar and ammonia apparatus, pumps, pipes, tanks, etc.

231. TRUNK LINES AND MAINS.

Charge to this account the cost of all trunk lines and mains in place. This includes all pipe lines from the yard connections to district holders, and from the works governor to the beginnings of services, including the cost of all trenching, etc., necessary to the placing of the pipe, and the cost of filling trenches and restoring the surface to its former condition or to that required by the municipal authorities at the time the line is installed.

232. GAS SERVICES.

Charge to this account the cost of the corporation's property in service pipes and appurtenances in or leading to consumers' premises. This includes the cost of material in place, cost of trenching for placing services, and of filling trenches and restoring surface to proper condition.

NOTE A.—When consumers are required to pay some or all of the cost of services, only that portion of the cost not chargeable to the consumer is chargeable to this account; in all cases where only a portion of the cost of the service is chargeable to this account the entry in this account shall show the entire cost of the service as well as the amount charged to this account.

NOTE B.—Where services extending only from main to curb (or to lot line) are placed before actually required for the purpose of supplying consumers, the entry of cost must show that fact. Such services will be required to be separately reported in the annual reports of corporations to the Public Service Commission.

NOTE C.—Cost of renewing or modifying services shall not be charged to this account.

233. GAS METERS.

Charge to this account the cost of the corporation's property in all meters and appurtenances used in measuring the gas delivered to consumers.

NOTE A.—This account does not include the cost of the corporation's meters at the works; such cost shall be charged to account No. 225, "Accessory Equipment at Works," or to a sub-account thereunder.

NOTE B.—Cost of setting, removing, or re-setting such meters shall not be charged to this account.

NOTE C.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of consumers' meters temporarily withdrawn from service.

234. GAS METER INSTALLATION.

Charge to this account the labor and materials cost (exclusive of cock and connections) of the first setting of meters for determining the amount of gas delivered to consumers, in case it is the policy of the corporation to capitalize the cost of such setting.

NORM A.—Cost of removing such meters and of setting other meters substituted for them shall not be charged to this account but to account No. 684a, "Gas Meter and Installation Work".

NORM B.—This account must not include at any time the cost of installation of a greater number of consumers' meters than are actually in service.

235. MUNICIPAL STREET LIGHTING FIXTURES (GAS).

Charge to this account the cost of the corporation's property in the lamps, posts, and ancillary apparatus and appliances used in lighting streets for a municipal corporation. Such cost includes not only cost of material but also cost of first setting and coupling up. It does not include cost of removal or change of position.

NORM.—Where the municipality requires for its special benefit the extension of mains and services for street lighting, such extensions may, so long as used solely for street lighting, be charged to this account, provided a full description of the extensions so charged and the amounts charged in respect thereof be filed with the Public Service Commission on or before the date when the entry thereof is made upon the books of the corporation.

236. GAS ENGINES AND APPLIANCES.

Charge to this account the cost of the corporation's property in gas engines leased to consumers (including municipal corporations), but not of those held for purposes of sale. Such engines include all appliances for the production of mechanical motion through the consumption of gas. Also charge to this account the cost of the corporation's property in all gas stoves and other heating appliances leased to consumers, but not of those held for purposes of sale. This includes stoves, ranges, heaters, hot plates, sadirons, tailors' irons and gooses, and other like devices and appliances consuming gas for the direct production of heat.

NORM A.—The cost of setting and connecting such engines and heating appliances on the premises of consumers and the cost of re-setting or of removal shall not be charged to this account.

NORM B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of such gas engines and appliances temporarily withdrawn from service.

237. GAS TOOLS AND IMPLEMENTS.

Charge to this account the cost of all tools and implements coming within the scope of the definition of fixed capital (see paragraph 4, page 611, *etc.*) and not covered by any of the foregoing equipment accounts.

238. GAS LABORATORY EQUIPMENT.

Charge to this account the cost of all physical and chemical apparatus used in testing and other technological work, and of all equipment in laboratories used for technological work, such as calorimetry, photometry, chemical analysis, and the like; also all equipment for testing building and other materials used in the engineering operations of the company.

NORM.—This account does not include the cost of any chemicals or other supplies, such being chargeable to the appropriate sub-account in the account "Materials and Supplies"; as consumed they shall be charged thence to the appropriate expense accounts.

239. OTHER TANGIBLE GAS CAPITAL.

Charge to this account the cost of all miscellaneous tangible gas capital not elsewhere provided for.

G281. ENGINEERING AND SUPERINTENDENCE.

Charge to this account all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work,

and all expenses incident to the work, when such disbursements can not be assigned to specific construction.

NORM.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged.

G282. LAW EXPENDITURES DURING CONSTRUCTION.

Charge to this account general expenditures of the following nature incurred in connection with the construction of a gas plant: namely, the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees; and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of the right of way or other land shall be charged to account No. G110, "Land Devoted to Gas Operations". Law expenditures in connection with the organization of the corporation shall be charged to account No. 101, "Organization".

G283. INJURIES DURING CONSTRUCTION.

Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of gas plant and equipment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payments to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

G284. TAXES DURING CONSTRUCTION.

Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

G285. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

Charge to this account the salaries and expenses of executive and general officers of a gas plant under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NORM A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NORM B.—This account shall not include any costs of organization, or any costs or discounts connected with the issue and disposal of stocks, funded debt, or other securities, and commercial paper.

G286. INTEREST DURING CONSTRUCTION.

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account. To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

O110. LAND IN OTHER DEPARTMENTS.

Charge to this account the cost of the corporation's interests in land (exclusive of improvements thereon) devoted to operations other than electric operations, gas operations, railroad operations, and street railroad operations.¹ Such cost includes, *when assumed or when paid by the purchaser in its own behalf*, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired. If at the time of acquisition of such interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to operations other than the four classes above mentioned, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value, and such appraised value shall be charged to the appropriate accounts and excluded from the account "Land in Other Departments". If such improvements are held as investments, the cost (or appraised value at time of acquisition of title if the cost to the corporation is not determined in the contract of acquisition) shall be charged to the appropriate investment account. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land in Other Departments".

O102. FRANCHISES IN OTHER DEPARTMENTS.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" as is necessary to the conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O103. PATENT-RIGHTS IN OTHER DEPARTMENTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

¹ NOTE.—ELECTRIC CAPITAL, RAILROAD CAPITAL, AND STREET RAILROAD CAPITAL.—For the accounts to which shall be charged the cost of capital devoted to electric operations, see the Uniform System of Accounts for Electrical Corporations; for steam railroad operations, see the Uniform System of Accounts for Expenditures for Road and Equipment, etc., as established for Steam Railroad Corporations by the Public Service Commission; and for electric railroad and street railroad operations, see the Uniform System of Accounts for Street Railroad Corporations.

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0104. OTHER INTANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of intangible capital devoted to its operations other than electric, gas, railroad, and street railroad, and not includible under any of the foregoing accounts.

0120. TANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of tangible capital devoted to its operations other than electric, gas, railroad, and street railroad.

25. Floating Capital divided into two groups.—Floating capital is divided into two great groups, of which the first is herein called *Materials and Supplies*, and the second, *Current Assets*.

26. Definitions of Floating Capital accounts.—In the following definitions the letters and figures prefixed to the titles of the accounts are no part of the titles and are inserted merely for convenience of reference:

G10. MATERIALS AND SUPPLIES.

Charge to this account the cost (including transportation) of all materials and supplies acquired by the corporation, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to account No. G286, "Interest During Construction," or to account No. GC852, "Miscellaneous Adjustments—Balance," according as such materials and supplies are intended for construction or for operation.

The scrap value of things retired from service shall be charged to an appropriate sub-account in this account while such things remain the property of the corporation. If such scrap value is not known and can not readily be determined it shall be estimated, and errors in such estimates when determined shall be adjusted through the accounts involved if during the year in which the estimates were made; if later, then through the "Corporate Surplus or Deficit" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account and debited or credited to the operating expense account No. GC852, "Miscellaneous Adjustments—Balance," in case they can not be assigned to specific accounts. Shortages may, however, be charged directly to "Corporate Surplus or Deficit". Where such materials and supplies have been used in construction, a suitable proportion of such shortages or overages may be debited or credited to account No. G285, "Miscellaneous Construction Expenditures".

NORM.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

1. CASH.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes

coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

2. **BILLS RECEIVABLE.**

Charge to this account the cost of all bills receivable (except as below provided) which are the property of the corporation and upon which solvent concerns are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include investments (for which see below); nor does it include interest coupons.

3. **ACCOUNTS RECEIVABLE.**

Charge to this account all amounts owing to the corporation upon accounts with solvent concerns (other than banks); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

4. **INTEREST AND DIVIDENDS RECEIVABLE.**

Whenever the income account is stated the appropriate sub-account therein shall be credited and this account shall be charged with all accrued but not yet collected interest upon all commercial paper and accounts considered collectible held by or for the benefit of the corporation; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

5. **OTHER CURRENT ASSETS.**

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

27. **Investments defined.**—By *Investments*, as here used, are meant all properties acquired not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations at a time when it seems probable that they can not be so advantageously acquired as at the time of actual acquisition. By *bound investments* are meant those held subject to a lien of some character; by *free investments* are meant those held free of all liens.

300. **INVESTMENTS.**

The cost of the corporation's title to any property held as an investment shall be charged to an account entitled "Investments".

Norm.—In the annual reports to be made to the Public Service Commission by the corporations and other persons engaged in gas operations, investments, whether bound or free, will be required to be classified with at least the following detail: Bound investments will be required to be divided into the three classes: "Mortgaged or Pledged Investments," "Contractual Fund Investments," and "Other Bound

Investments". Each of these three classes, and the class "Free Investments," will be required to be subdivided into the following: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlled Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments.

30. **Special Deposits defined.**—By *Special Deposits*, as here used, are meant amounts of money and bank credits in the hands of fiscal or other agents of the corporation for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safety deposit vaults, etc., so long as they are available for general purposes of the corporation, shall be excluded herefrom.

311. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *specially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest Accrued" account.

312. DIVIDEND SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *specially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of dividends upon the corporation's stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

313. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other *special* purposes than the payment of interest coupons and dividends. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

32. **Prepayments.**—When payments for taxes, insurance, rents, and the like are made in advance of the actual accrual thereof, the amount of the advance payment shall be charged to the appropriate account in this group. As such taxes, etc., accrue, the appropriate prepayment account shall be credited and the appropriate expense or other income account shall be charged.

NOTE.—By the accrual of taxes, insurance, rents, etc., is meant their *accrual* when considered as spread uniformly over the period to which they apply. Thus, if the rent fixed by contract of lease for a certain property is \$800 for a calendar year, this accrues at the rate of \$50 each month (unless it is desired to base the accrual on days, when of course the varying lengths of the months would require to be considered), regardless of the actual times when the rent matures; \$50 should thus (if the rent has been prepaid) be credited each month to the account "Prepaid Rents," and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

321. PREPAID TAXES.

When taxes are paid in advance of their accrual, the amount prepaid shall be charged to this account. As the taxes thus prepaid accrue, they shall be credited at monthly intervals to this account and charged to the appropriate taxes account. This account must not include any so called taxes, like water taxes, drainage taxes, fire taxes, etc., which are payments for special benefits received. Such payments for special benefits, where finally chargeable to operating expenses, must, when prepaid, be charged to the account "Other Prepayments".

322. PREPAID INSURANCE.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue, they shall be credited at monthly intervals to this account and charged to the appropriate expense account.

323. PREPAID RENTS.

When rents are paid in advance of the enjoyment of the term, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As the term is consumed, this account shall be credited at monthly intervals and the appropriate rent account in the income account shall be charged.

324. OTHER PREPAYMENTS.

When prepayments are made for any other thing than taxes, insurance, and rents, above provided for, such prepayments shall be charged to this account; and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited monthly to this account and charged to the appropriate expense or income account.

30. Suspense.—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which under the rules of the Public Service Commission may be spread over a period of time, or when any debit made for any other reason may be amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss, or other debit shall, except as herein otherwise directed, be charged to an appropriate account in this group of accounts.

NOTE.—By "amortization" of any charge or credit is meant its gradual extinction. The word is broader than the word "depreciation," since the latter is restricted ordinarily to tangible property. The word "depreciation" also imports more of the idea of fluctuating value and is complicated somewhat with the question of cost of replacement at market prices. Because it is considered unnecessary in connection with the gradual consumption or expiration of life of capital to consider the question of cost of replacement until the replacement is actually made, at which time the cost of replacement is duly charged to the appropriate account, and because provision is necessary for the gradual extinction of certain charges (such as those for some kinds of capital, those for extraordinary casualties, for discount on debt, etc.) to which the term "depreciation" does not well apply, it is considered advisable to use the term "amortization" in connection with the extinction of such charges, and of certain corresponding credits, such as premiums on debt outstanding.

331. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par

value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidences of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to account No. 928, "Amortization of Debt Discount and Expense," in "Income" account. Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to the account "Other Deductions from Surplus".

332. OTHER SUSPENSE.

To this account shall be made all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit".

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

31. Securities Actually Issued and Later Re-acquired.—For the case of securities actually issued by the corporation and later re-acquired by it, the following account is provided:

340. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face values to this account.

32. Debt defined.—The word debt, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt*.

33. Funded Debt defined.—*Funded Debt* comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

34. Unfunded Debt defined.—*Unfunded Debt* comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

35. Funded Debt accounts.—Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as a. g., "First Mortgage 5% QF 10, Aug. 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture". "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds".

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page, and account whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

36. Unfunded Debt accounts.—The accounts for unfunded debt are defined as follows:

351. TAXES ACCRUED.

Credit to this account at the close of each month the taxes accrued during the month, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

352. RECEIVER'S CERTIFICATES.

When any receiver acting under the orders of a competent court is in possession of the property of the corporation and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited monthly to this account.

353. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties, and the character of the action or suit. Interest accruing upon any such judgment shall be credited monthly to this account.

NOTE.—In case of appeal and affirmance in whole or in part from which judgment of affirmance a further appeal lies, the same rule shall apply as upon entry of original judgment.

354. INTEREST ACCRUED.

Credit to this account at the close of each month the interest accrued during the month upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NOTE.—When coupon interest matures it should be transferred from the sub-account "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured". When such interest is paid out of coupon special deposits the sub-account "Coupon Interest Matured" should be charged and the account "Coupon Special Deposits" credited.

355. DIVIDENDS DECLARED.

When any dividend is declared it shall be credited to this account and here remain until it is paid, when it shall be charged to this account and credited to "Cash" or other suitable account.

356. BILLS PAYABLE.

When any note, draft, or other bill payable which matures not later than one year after date of issue (or of demand), or after assumption by the corporation of primary liability thereon, is issued or assumed, the par value thereof shall be credited to this account, and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account.

G357a. CONSUMERS' DEPOSITS — GAS.

Credit to this account, as such deposits are made, all cash deposited with the corporation by consumers as security for the payment of gas bills. Deposits refunded shall be charged to this account and credited to "Cash". Deposits applicable to uncollectible or worthless gas bills shall, at the close of the fiscal year (or earlier, at the option of the accounting corporation), be credited to the account of the consumer involved and debited to this account.

357b. OTHER ACCOUNTS PAYABLE.

Credit to this account when incurred all liabilities of the corporation upon open accounts, except those provided for in the foregoing account "Consumers' Deposits".

368. OTHER UNFUNDED DEBT.

Credit to this account at face value all unfunded debt upon which the corporation is liable and which is not elsewhere provided for.

37. Reserves.—Reserves shall be classified as *Permanent* and *Temporary*.

38. Permanent Reserves defined.—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. Permanent reserves shall be classified into the two classes: *Premiums on Stocks* and *Other Permanent Reserves*.

371. PREMIUMS ON STOCKS.

Premiums on stocks shall be sub-classified with respect to the several classes of stocks, for definitions of which see accounts under the head "Stocks". A sub-account shall be kept for each particular class of stocks, and such sub-accounts shall be severally entitled:

Premiums on Debenture Stocks,
Premiums on First Preferred Stocks,
Premiums on Second Preferred Stocks, etc., and
Premiums on Common Stocks.

When a premium is realized upon an issue of any particular class of stock, such premium shall be credited to the sub-account above provided for such class of stock, and such credit shall remain in such account so long as such stock remains outstanding. By the *premium realized* (as the words are above used) is meant the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value thereof shall be considered the premium realized.

372. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account shall be created for each particular purpose for which a reserve is raised, and the purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

39. Temporary Reserves defined.—By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. Temporary Reserves shall be classified as *Contractual Reserves* and *Non-contractual Reserves*.

40. Contractual Reserves defined.—*Contractual Reserves* are reserves necessitated by contracts of the corporation, as e. g., reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account shall be raised for each particular contractual reserve, and to such account shall be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

41. Non-contractual Reserves defined.—*Non-contractual Reserves* are such temporary reserves as are raised without being required under any contract. Non-contractual reserves are divided into *Required* and *Optional*.

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42. Required Reserve accounts.— Required reserves are provided for in the following accounts:

374. ACCRUED AMORTIZATION OF CAPITAL.

Credit to this account such amounts as are charged from time to time to "Operating Expenses," or other accounts to cover depreciation of plant and equipment, and other amortization of capital. When any capital is retired from service, the original money cost thereof (estimated if not known, and where estimated, that fact and the facts upon which the estimate is based shall be stated in the entry), less salvage, shall (except as provided in account No. G100, "Fixed Capital, December 31, 1908,") be charged to this account. The amount originally entered or contained in the charges to any capital account in respect of such capital so going out of service shall be credited to such capital account, and any necessary adjusting entry made to the appropriate sub-account under the account "Corporate Surplus or Deficit".

375. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidences of indebtedness and the accrued interest shall be credited to this account. At monthly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity shall be charged to this account and credited to "Amortization of Premium on Debt" in "Income" account; or at the option of the corporation the charge to this account may be delayed to a time not later than the date of maturity of the debt, in which case the proportion applicable to the period covered by the then current income account shall be credited to the account "Amortization of Premium on Debt," and the remainder of the credit shall be to the account "Other Additions to Surplus".

376. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve shall show the purpose of the reserve, and every subsequent entry with respect to that reserve shall designate the reserve to which it relates.

43. Optional Reserve accounts.— *Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

381. CASUALTIES AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account,

in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualties and Insurance Reserve". Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

382. OTHER OPTIONAL RESERVES.

A sub-account shall be raised for each particular reserve, and its title shall designate the purpose of such reserve and the first entry therein shall express in full such purpose.

44. *Stocks defined.*—By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

45. *Stocks classified.*—Stocks are classified as—

Debenture Stocks,

First Preferred Stocks,

Second Preferred Stocks, etc., and

Common Stocks.

46. *Debenture Stocks defined.*—*Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

47. *First Preferred Stocks defined.*—*First Preferred Stocks* are those which have the first claim upon such dividends as may be distributed. They may be cumulative or noncumulative, participating or nonparticipating. If cumulative, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends until satisfied; if noncumulative, such amount lapses. If a first preferred stock is participating, it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if nonparticipating, it is limited to the stipulated rate.

48. *Second Preferred Stocks defined.*—*Second Preferred Stocks* are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or noncumulative, participating or nonparticipating.

49. *Common Stocks defined.*—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

50. *Voting Powers.*—Stocks differ also in regard to the voting powers incident to ownership of them.

51. *Retirement of Stocks.*—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

52. *Separate account required for each class of stocks.*—In the accounts of stocks outstanding, a separate account shall be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they

are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks, and shall be clearly expressed in the first entry in such account. To the account for any class of stocks shall be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other consideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be by him disposed of for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess shall be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

SCHEDULE B

INCOME ACCOUNT.

1. **Income and indicant accounts compared.**—A comparison of the balances in the foregoing accounts (Schedule A) at any particular moment will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the *Balance Sheet* or *Indicant* accounts. Their balances indicate the condition of the corporation at any particular time. These accounts with their subsidiary accounts are all that are necessary prior to the time when the corporation becomes what may be called a "going concern".

When a corporation begins operations it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the *Income* account. They are made up usually on a yearly basis and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group.

2. **Divisions of Income account.**—The principal divisions of this group of accounts are the *Revenue* accounts, the *Revenue Deduction* accounts, the *Income Deduction* accounts, and the *Appropriation* accounts.

3. **Revenues defined.**—By *Revenues*, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interests in property). Revenues are classified as *Operating Revenues* and *Non-operating Revenues*.

4. **Operating Revenues defined.**—*Operating Revenues* are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its own operations.

5. **Non-operating Revenues defined.**—*Non-operating Revenues* are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as *Rents*, *Interest*, *Dividends*, and *Miscellaneous*.

6. **Revenue Deductions defined.**—*Revenue Deductions* include *Expenses*, *Taxes*, and *Uncollectible Bills*.

7. **Expenses defined.**—*Expenses* are those outgoes (including capital consumed) necessary to the production of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into *Operating Expenses* and *Non-operating Expenses*. *Operating Expenses* are those incident to the operating revenues.

8. **Taxes defined.**—*Taxes* are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. **Uncollectible Bills defined.**—When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity (as *e. g.*, electric energy or gas for light, heat, or power), current accounts or claims against such consumers for such service rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills*.

10. **Gross Income, Income Deductions, and Net Corporate Income defined.**—Revenues, diminished by expenses, taxes, and uncollectible bills, give an amount called *Gross Income*, which is applicable to corporate and leased properties. Gross income is subject to several compulsory deductions, mostly contractual, like rent, interest, etc., and the remainder after these are made is called *Net Corporate Income*, which being subject only to the discretion of the corporation is most conveniently carried directly to the corporate surplus. The accounts covering the compulsory deductions from gross income, as above defined, are called the *Income Deduction* accounts.

11. **Appropriation accounts defined.**—The accounts covering the yearly changes in the corporate surplus are called the *Appropriation* accounts, since practically all of the matters covered by them are within the discretion of the corporation, although they also include certain adjustments made because of facts of previous years imperfectly accounted for at the time (whether through error or through lack of information), and certain other minor matters like extraordinary expenses not chargeable as deductions from revenues; also such matters as profits on the sale of capital, and profits and losses on the sale of investments.

12. **Definitions of Gas Operating Revenue accounts.**—Credits to the various revenue accounts shall be made upon the basis of bills rendered or of gross prices. Discounts for prompt payment, corrections of overcharges, overcollections theretofore credited and afterward corrected, authorized abatements and allowances, and other corrections and deductions shall be charged to the revenue account to which they relate. In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

431. MUNICIPAL STREET LIGHTING—GAS.¹

Credit to this account all revenues derived from lighting streets for municipal corporations by means of gas, or from supplying gas therefor.

NOTE.—In the foregoing account the word "streets" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

432. LIGHTING MUNICIPAL BUILDINGS—GAS.

Credit to this account all revenues derived from lighting municipal buildings by means of gas, or from gas supplied for such purposes, or for heat or power in municipal buildings where such gas is supplied at lighting rates and is not separately measured.

¹ Charges to this and the following revenue accounts must be made in such wise as to permit their classification in the annual report of the corporation to the Public Service Commission.

433. MUNICIPAL HEAT AND POWER — GAS.

Credit to this account all revenues derived from municipal corporations for gas supplied at special heat or power rates to such corporations for the production of heat and power.

434. MISCELLANEOUS GAS REVENUE — MUNICIPAL.

Credit to this account all revenues derived from supplying gas to municipal corporations and not provided for in the foregoing accounts; also those from the letting of engines and other gas equipment to such corporations.

435. PREPAID GAS.

Credit to this account all revenue derived from the sale of prepaid gas delivered through so-called "prepayment meters".

436. COMMERCIAL METRED LIGHTING — GAS.

Credit to this account all revenues derived from all consumers except municipal corporations for gas measured through ordinary meters and supplied for lighting at lighting rates.

NOTE A.—Where gas flowing through any ordinary meter is used by any other consumer than a municipal corporation for lighting and incidentally for heating or power purposes, the revenues derived therefrom shall be credited to this account.

NOTE B.—This account does not include gas sold or supplied to other gas corporations for distribution; for such gas, see account No. 438, "Other Gas Corporations".

437. COMMERCIAL HEAT AND POWER — GAS.

Credit to this account all revenues derived from all consumers except municipal corporations for gas supplied for heat or power at special heat or power rates.

NOTE.—This account does not include gas sold or supplied to other gas corporations for distribution; for such gas, see account No. 438, "Other Gas Corporations".

438. OTHER GAS CORPORATIONS.

Credit to this account all revenues derived from gas sold or supplied to other gas corporations to be by them distributed through their own pipes to consumers. If any portion of such gas is incidentally consumed by such corporations for their own benefit, whether for light, heat, or power, it shall be included herein, if not separately measured, or if included under the same contract with that which is distributed by them to consumers.

439. COMMISSIONS ON OTHERS' GAS.

Credit to this account all revenue accruing to the corporation for distributing gas of other companies through its pipes and selling the same, and for all other services performed in connection therewith.

NOTE.—In case the corporation distributes through its pipes the gas of another company, the corporation shall charge "Cash" or the appropriate sub-account (or accounts) under "Accounts Receivable" with the value of the gas of such other company supplied by the corporation to consumers, and shall enter a corresponding credit to a clearing account "Gas Supplied by (blank) Company and distributed by this Corporation," [or, "by (blank)," naming the corporation keeping the account] which account shall be cleared monthly by charging to such clearing account the amount necessary to balance, and crediting to the account "Commissions on Others' Gas" the corporation's proportion of the total revenue, and to the account of the company supplying such gas to the corporation that company's proportion of such total revenue.

440. RENT OF GAS APPLIANCES.

Credit to this account all revenues derived from the letting of gas engines, heating appliances, lamps, and other gas apparatus and appliances (except

meters) to others than municipal corporations. Where the contract of letting names only a single consideration for both the letting and the maintenance of the appliances so let, the entire revenue shall be included in this account.

441. GAS MERCHANDISE AND JOBBING REVENUE.

Credit to this account all receipts from the sale of gas merchandise and from gas jobbing. Charge to this account the cost to the accounting corporation of gas merchandise sold, such cost including transportation charges paid on such goods.

Credit also to this account the profit or commission accruing to the corporation on all jobbing work performed by it as agent under agency contracts, whereunder it undertakes to do jobbing work for another for a stipulated profit or commission upon its actual expense for labor, materials, and supplies.

NOTE A.—In its annual reports to the Public Service Commission the reporting corporation will be required to analyze the credits and debits to this account.

NOTE B.—This account does not include receipts from the sale of superseded equipment, or of junk or other scrap or salvage.

442. SALE OF RESIDUALS AND BYPRODUCTS.

Credit to this account all revenue derived from the sale of residuals and byproducts.

This account shall be so kept as to enable the corporation to show in its annual report to the Public Service Commission the amounts of revenue derived from the following sources:

- Sale of Gas Coke,*
- Sale of Coal-gas Tar,*
- Sale of Water-gas Tar,*
- Sale of Ammoniacal Liquor,*
- Sale of Other Residuals and Byproducts.*

NOTE A.—The amount of revenue from the sale of any residual or byproduct shall be determined by the price received at the point of delivery to the purchaser, and any expense incurred by the corporation in effecting delivery shall be charged to the appropriate operating expense account.

NOTE B.—Residuals and byproducts consumed by the corporation shall not be credited to the account "Sale of Residuals and Byproducts".

443. JOINT GAS RENT REVENUE.

When any corporation engages in gas operations for the production of some of its product for the benefit of another or others under an arrangement for apportioning the expense upon the basis of the relative amounts of benefit to the several participants in the arrangement, if such arrangement provides for the receipt by the corporation of any profit or return upon its property, such profit or return upon property shall, as it accrues, be credited month by month to this account. Such profit or return must be over and above any provision for wear and tear and depreciation of plant involved in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

444. OTHER MISCELLANEOUS GAS REVENUE.

Credit to this account all revenues derived from others than municipal corporations for the supply of gas and from other gas operations not includible in any of the foregoing accounts.

13. **Revenue from Outside Operations.**—The detailed revenue accounts for operations other than the above mentioned will be provided for elsewhere.

14. **Operating Expenses defined.**—By the operating expenses of a corporation are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of the commodities produced, and to the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived are excluded from operating expenses.

15. **Definitions of certain terms used in connection with expense accounts.**—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

16. **Definitions of Gas Operating Expense accounts.**—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

GENERAL ACCOUNTS.

- I. Production Expenses.
- II. Transmission and Distribution Expenses.
- III. Municipal Street Lighting Expenses.
- IV. Commercial Expenses.
- V. General and Miscellaneous Expenses.

I. PRODUCTION EXPENSES.

NOTE.—In case the accounting corporation operates two or more separate and distinct plants for the production of gas, it will be required to keep (with the details herein prescribed) separate accounts covering production at the several plants. In case the circumstances of any corporation make it impracticable to allocate the cost of its labor among the accounts below prescribed, it should petition the Public

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Service Commission for permission to consolidate two or more of them. Such application must set out in full the facts which in the judgment of the petitioner make such allocation impracticable.

601. WORKS SUPERINTENDENCE AND LABOR.

Charge to this account all matters provided for under the following heads:

WORKS SUPERINTENDENCE: This head includes the cost of labor of the engineer in charge of works and his assistants, also day and night foremen and station clerks.

BOILER HOUSE LABOR: This head includes the cost of labor employed in weighing and handling coal, coke, and breeze from place of storage to boilers; labor employed in operating boilers and engines (including such labor as that of shovellers, weighers, boiler firemen and engineers, and oilers); and labor employed in pumping oil tar from generators through separators to storage tanks, and from storage tanks to boilers; also such labor as that of pump house men.

RETORT HOUSE LABOR: This head includes the cost of labor employed in firing benches, charging and re-charging retorts, patching and scurfling retorts, cleaning pipes and lids, quenching and handling coke used under benches, and handling coal from place of storage to retort house. This includes such labor as that of foremen, firemen, furnacemen, retort and boiler tenders, patchers, pipemen, lid cleaners, coke quenchers, guymen, riggers, shovellers, and wheelers.

GENERATOR HOUSE LABOR: This head includes the cost of labor employed in weighing and handling coal and coke from place of storage to charging floor, and in operating, firing, clinkering, and cleaning generators. This includes such labor as that of shovellers, weighers, pumpers, generator firemen, and runners.

PURIFIER HOUSE LABOR: This head includes the cost of labor employed in changing purifier boxes, revivifying oxide, and removing spent oxide to refuse pile. This includes such labor as that of foremen and laborers.

MISCELLANEOUS LABOR AT WORKS: This head includes the cost of general labor in and about the works not specifically engaged in the manufacture of gas, such as that of watchmen, janitors, and messengers, laborers employed in cleaning up yards, removing snow, and cleaning out refuse pile.

602. BOILER FUEL.

Charge to this account the cost (in storage pile) of fuel used under boilers. This includes cost of fuel used, freight, demurrage charges, and labor and cartage in discharging and transferring fuel from point of shipper's delivery to place of storage.

NOTE.—If boiler fuel is delivered from point of shipper's delivery to boilers by other than boiler house labor, cost of such labor should be added to cost of fuel.

603. WATER.

Charge to this account the cost of water used for gas production.

604a. FUEL UNDER RETORTS.

Charge to this account the cost (in storage pile) of fuel used under retorts. This includes cost of fuel used, freight, demurrage charges, and labor and cartage employed in discharging and transferring fuel from point of shipper's delivery to storage pile.

NOTE.—If fuel is delivered from storage to retort house by other than retort house labor, cost of such labor should be added to cost of fuel.

604b. COAL CARBONIZED.

Charge to this account the cost (in storage pile) of gas coal used in retorts. This includes invoice cost of coal used, freight, demurrage charges, and labor and cartage employed in discharging and transferring coal from point of shipper's delivery to storage pile.

NOTE.—If coal is delivered from storage to retort house by other than retort house labor, cost of such labor should be added to cost of coal.

605. COAL GAS ENRICHER.

Charge to this account the cost (in storage) of enricher materials used in enriching coal gas. This includes cost of enricher used, freight, demurrage charges, and labor and cartage employed in transferring enricher from point of shipper's delivery to storage.

606. GENERATOR FUEL.

Charge to this account the cost (in storage pile) of fuel used in generators. This includes invoice cost of fuel used, freight, demurrage charges, and labor and cartage employed in discharging and transferring fuel from point of shipper's delivery to storage pile.

NOTE.—If generator fuel is delivered from storage to generator house by other than generator house labor, cost of such labor should be added to cost of generator fuel.

607. WATER GAS OIL.

Charge to this account the cost (in storage tanks) of gas oil or naphtha used in making water gas. This includes invoice cost of oil used, freight, demurrage charges, and labor and cartage employed in getting oil from point of shipper's delivery to storage tanks.

608. PURIFICATION SUPPLIES.

Charge to this account the cost of material used in gas purification. This includes the average cost of oxide actually used (the invoice cost and freight, plus shavings, plus labor and cartage necessary to store it, plus the cost of mixing it), and the invoice cost of lime actually used.

609. MISCELLANEOUS WORKS EXPENSE.

Charge to this account the cost of sundry supplies and expenses in connection with the works not includible in other accounts. This includes lubricating oil, waste and packing, and other small materials of like nature used in gas production; also incidental items, such as telephone, ice, brooms, mops, kerosene, soap, towels, and similar expenses.

610. REPAIRS OF WORKS AND STATION STRUCTURES.

Charge to this account the cost of all repairs of works and station structures, including permanent piers and other foundations. Such structures include retort houses, generator houses, purifier houses, engine houses, boiler houses, meter houses, coal sheds, coke sheds, tar houses and wells, oil tanks, and other structures for storage of fuel to be consumed or carbonized in the production of gas and the operations auxiliary thereto; structures for residuals and byproducts; appurtenant walks, fences, drives, tramways, trestles, etc., and all fixtures permanently attached to such structures and made a part thereof; also all buildings, holder houses, and other structures at outlying holder stations, except the holders and their appurtenances.

NOTE.—Repairs of short-lived and specially provided foundations and settings for furnaces and boilers, steam engines, gas engines, pumps, generators, benches, condensers, washers, scrubbers, purifiers, etc., shall not be included herein. Such

foundations and settings and the apparatus and machinery to which they pertain are not intended to be included under the term fixtures as above used. Nor shall repairs of gas holders be included in this account.

GC508. REPAIRS OF POWER PLANT EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF FURNACES, BOILERS, AND ACCESSORIES: This head includes the cost of repairing all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in producing gas and in furnishing motive power in gas works and stations. This covers boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances. It also covers mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators; and pipes for conducting steam from the boiler to the engine, to condensers, or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

REPAIRS OF STEAM ENGINES: This head includes the cost of repairing all steam engines devoted to use as prime movers in gas works, including the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), includes the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe.

REPAIRS OF GAS ENGINES: This head includes the cost of repairing all gas engines devoted to use as prime movers in gas works and stations, including the specially provided foundations and settings of such engines. The engine includes the inlet valve, governor, and ignition and starting apparatus, but not the pipe leading from the gas holder, nor the exhaust pipe.

REPAIRS OF MISCELLANEOUS POWER PLANT EQUIPMENT: This head includes the cost of repairing all miscellaneous power plant equipment at gas works which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the apparatus operated, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

NOTE.—Charges to this account must be made in such manner as to permit their analysis in accordance with the foregoing heads.

GC611. REPAIRS OF GAS APPARATUS.

Charge to this account all matters provided for under the following heads:

REPAIRS OF BENCHES AND RETORTS: This head includes the cost of all repairs of benches, including the retorts and their settings, and auxiliary piping, including ascension pipes, and foul and hydraulic mains.

REPAIRS OF WATER GAS SETS AND ACCESSORIES: This head includes the cost of repairing all water gas generators and accessories devoted to the production of gas, the specially provided foundations and settings for such water gas sets, and the flues leading therefrom to smokestacks and chimneys. This covers not only generators, carbureters, superheaters, seals, and piping connected therewith, but also blast apparatus, oil and steam supplying apparatus, oil heaters, etc. It does not include pipes whose primary purpose is the warming of buildings.

REPAIRS OF PURIFICATION APPARATUS: This head includes the cost of all repairs of the apparatus for purifying gas, including condensers, washers, scrubbers, purifiers, tar extractors, etc., and their specially provided foundations and settings.

REPAIRS OF HOLDERS: This head includes the cost of all repairs of gas holders and appurtenances at works and of those at district stations.

NOTE.—Repairs of holder housings shall be charged to account No. 610, "Repairs of Works and Station Structures".

REPAIRS OF MISCELLANEOUS EQUIPMENT: This head includes the cost of repairing all accessory equipment and apparatus used in the production and storage of gas not specifically provided for in the foregoing accounts, including repairs of exhausters, station meters, governors, etc.; apparatus for charging retorts; conveyors for disposing of coke and other products and residuals; tar and ammonia apparatus, pumps, pipes, tanks, etc.

NOTE.—Charges to this account must be made in such manner as to permit their analysis in accordance with the foregoing heads.

615. REPAIRS OF WORKS TOOLS.

Charge to this account the cost of repairing such tools and implements used in the production and storage of gas as have been capitalized.

616. GAS STORAGE.

Charge to this account the cost of labor and material (except repairs) employed in storing and regulating the flow of gas to distributing mains by holder pressure. This includes labor of firemen, engineers, valvemen, and superintendents when engaged on gas storage; and cost of coal, coke, water, and incidentals.

617. GAS FROM OTHER SOURCES.

Charge to this account the cash purchase price of gas bought from other companies for distribution through the system of the accounting corporation; also the corporation's proportion of the cost of production (including maintenance, but not including any pure rent or return upon the value of property employed) of gas produced by another concern for the use of the corporation under any joint arrangement for the sharing of expense upon the basis of the relative amounts of benefit to the several participants.

II. TRANSMISSION AND DISTRIBUTION EXPENSES.

631. TRANSMISSION PUMPING.

Charge to this account the cost of pumping gas through mains to the distribution system, including inspection and regulation of booster governors.

NOTE.—In gas operations, when gas is delivered to the supply system outside the works at substantially works pressure, the pipe system, including mains, feeders, and services (and supply pipes to outlying holders, if any), shall all be classed in the distribution system. When the pressure is raised by means of boosters and the gas is delivered to the pipes at higher than works pressure, and is later reduced in pressure and delivered to the distribution system proper, that portion of the pipe system used for conducting gas at the raised pressure shall be classed as the transmission system.

632. DISTRIBUTION SUPERINTENDENCE, SUPPLIES, AND EXPENSES.

Charge to this account all matters provided for under the following heads:

DISTRIBUTION SUPERINTENDENCE: This head includes the cost of all labor employed in superintending the operation of the street department, fitting and repair shops, including the salaries of superintendents, foremen, clerks, timekeepers, messengers, watchmen, and janitors employed in the distribution department.

DISTRIBUTION SUPPLIES AND EXPENSES: This head includes the cost of office maintenance and incidental expenses of the street and shop departments, including light, heat, telephone, water, ice, etc.

NOTE.—When the distribution office is combined with the works office or commercial office, charges like rent, light, etc., should be divided between them in a fixed ratio, based upon the relative amounts of use.

634. WORK ON METERS AND CONSUMERS' PREMISES.

Charge and credit to this account in accordance with the following directions:

GAS METER AND INSTALLATION WORK: Under this head charge the cost of labor employed and material used in locking and unlocking meters, building inspection, pumping drip, cleaning service or house pipe with pump; setting, removing, re-setting and changing position of meters; and temporary repairs of leaks in house piping.

WORK ON CONSUMERS' PREMISES: Charge to this account under this head the cost of installing gas stoves and other appliances on the premises of consumers, and of work done for consumers in maintaining the efficiency of their service, including complaint work and other work done in houses beyond the end of the meter outlet connection. This includes the cost of adjusting or changing location of house pipes, gas burners, fixtures, stoves and appliances, and the cost of new pillars, tips, burners, or devices not chargeable to repair accounts; it does not include such installation expense items as are provided for under the preceding head.

Credit to this account under this head the cost element of receipts for jobbing work which the accounting corporation has performed as agent under agency contracts.

NOTE A—Any profit or commission accruing to the corporation on jobbing work performed as agent shall be credited to account No. 441 "Gas Merchandise and Jobbing Revenue"; to that account shall also be credited all receipts from gas jobbing not done under agency contracts.

NOTE B.—Credits and debits to this account must be analyzed in annual reports to the Public Service Commission.

C635. REPAIRS OF GAS MAINS AND SERVICES.

Charge to this account all matters provided for under the following heads:

REPAIRS OF GAS MAINS: This head includes the cost of labor and material employed in repairing mains, including labor of foremen, inspectors, caulkers, tappers, pavers, drillers, skilled laborers, general laborers, and similar workers on street department payrolls, while engaged in repairing, altering, overhauling, changing position of or removing street mains; protecting exposed or undermined mains, searching for and repairing leaks in mains, and paving over any of the above work; also material and cartage in connection with the above work.

NOTE.—This account must be so kept as to enable the corporation to show separately in its annual report to the Public Service Commission the cost of repairing trunk lines and mains used for transmission of gas, and the cost of repairing those used for distribution.

In gas operations, when gas is delivered to the supply system outside the works at substantially works pressure, the pipe system, including mains, feeders, and services (and supply pipes to outlying holders, if any), shall all be classed in the distribution system. When the pressure is raised by means of boosters and the gas is delivered to the pipes at higher than works pressure, and is later reduced in pressure and delivered to the distribution system proper, that portion of the pipe system used for conducting gas at the raised pressure shall be classed as the transmission system.

REPAIRS OF GAS SERVICES: This head includes the cost of labor and material employed in repairing services, including the same classes of labor as shown under the preceding head, "Repairs of Gas Mains," while engaged in repairing, altering, removing, relaying, cutting off, increasing the size of and changing the position of services; searching for and repairing leaks in services; and paving over any of the above work; also material and cartage in connection with the work shown above.

637. REPAIRS OF GAS METERS.

Charge to this account the cost of testing and repairing consumers' meters.

638. REPAIRS OF DISTRIBUTION TOOLS.

Charge to this account the cost of sharpening and repairing such tools and implements as have been charged to capital accounts and are used in the street department and the fitting and repair shops.

639. REPAIRS OF GAS APPLIANCES.

Charge to this account the cost of repairs of gas lamps, stoves, engines, and other appliances owned by the corporation and rented to consumers.

III. MUNICIPAL STREET LIGHTING EXPENSES.

640. STREET LAMP OPERATION AND REPAIRS.

Charge to this account all matters provided for under the following heads:

STREET LAMP OPERATING: This head includes the cost of labor employed in cleaning and lighting street lamps, and extinguishing street lights; in inspecting and supervising the street lighting district; in reporting on re-lights and discontinues, and watching the hours of lighting and extinguishing; and the incidental expenses of street lamp operating.

STREET LAMP REPAIRS: This head includes the cost of labor and material consumed in fitting up new lamp posts, re-fitting standpipes, cleaning services, cutting off services, re-caulking columns, removing posts, re-setting posts, re-fitting columns, straightening posts, and all other work of a similar character necessary to maintain the street lighting system to the degree of efficiency required by the city; also re-paving over openings made necessary by such work.

IV. COMMERCIAL EXPENSES.

G550. COMMERCIAL EXPENSES — GAS.

Charge to this account all matters provided for under the following heads:

COMMERCIAL ADMINISTRATION — GAS: This head includes —

a. *Commercial Department General Labor:* The cost of labor of superintendents and assistants, chief clerks, stenographers, general clerks, high bill clerks, switchboard operators, messengers, janitors, and watchmen employed in the commercial department.

b. *Commercial Department Accounting:* The cost of labor of bookkeepers and clerks employed on consumers' accounts.

c. *Commercial Department Contracts:* The cost of labor of clerks and other employees in the application or contract bureau.

d. *Commercial Department Collecting:* The cost of labor of regular and prepayment collectors.

e. *Meter Reading:* The cost of labor of meter readers.

f. *Commercial Office Supplies and Expenses:* The cost of supplies and the incidental expenses of the commercial office.

PROMOTION OFFICE EXPENSE—GAS: This head includes—

g. Promotion Management: The cost of administration of the department maintained for the promotion or development of gas consumption, including that portion of the salaries and expenses of management and clerks in agency and contract departments assignable to new business.

h. Demonstrations: The cost of labor employed and expenses incurred in exhibiting and demonstrating the use of gas appliances for the purpose of obtaining new business.

i. Other Promotion Office Expense: The office expenses of the promotion or new business department.

ADVERTISING—GAS: This head includes—

j. Advertising Salaries and Expenses: The salaries and personal expenses of the advertising manager and clerks.

k. Advertising Sundries: The cost of commercial advertising sundries, including booklets, dodgers, newspaper advertisements, posters, bulletins, and all related items.

NOTE.—This head does not include the expense of advertising residuals, such being chargeable to the proper residual expense account.

CANVASSING AND SOLICITING—GAS: This head includes all expenses incurred in soliciting new business, including wages, commissions, and personal expenses of canvassers, cost of preparing estimates, engineering advice on gas installation, etc., and office sundries in connection therewith.

NOTE.—Charges to this account must be made in such manner as to permit their analysis in accordance with the prescribed heads.

V. GENERAL AND MISCELLANEOUS EXPENSES.

G831. GENERAL ADMINISTRATION.

Charge to this account all matters provided for under the following heads:

SALARIES OF GENERAL OFFICERS: This head includes the salaries of the chairman of the board, president, vice president, treasurer, secretary, comptroller, general auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system and whose services can not be satisfactorily allocated to the several departments.

SALARIES OF GENERAL OFFICE CLERKS: This head includes the salaries and wages of general office auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, and all other clerks employed in the general office.

NOTE.—Cost of labor of clerks in the commercial department shall be charged to account No. G557, "Commercial Expenses—Gas," under the head of "Commercial Administration—Gas".

GENERAL OFFICE SUPPLIES AND INCIDENTAL EXPENSES: This head includes the cost of office supplies, repairs of office furniture, and renewals of such furniture as has not been capitalized; wages of janitors, porters, and messengers; rent of rooms in office buildings and repairs of such rented rooms; traveling and incidental expenses of general officers and other general office employees; and all other miscellaneous expenses of general offices. Office expenses of departmental officers must be charged to the proper departmental accounts.

NOTE A.—Rents charged under this head will be required to be reported separately.

NOTE B.—This head does not include cost of telegrams or of telephone service.

GENERAL LAW EXPENSES: This head includes all law expenses except those incurred in the defense and settlement of damage claims. This includes

salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs, and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work, should be properly apportioned between this account and account No. G847, "Injuries to Persons and Property," under the head of "Law Expenses Connected with Damages".

MISCELLANEOUS GENERAL EXPENSES: This head includes the cost of telephone service, telegrams, and other miscellaneous expenses connected with the general management not otherwise provided for.

G838. INSURANCE.

Charge to this account premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

NOTE.—In their reports to the Public Service Commission corporations will be required to report the charges made to this account for the various kinds of insurance, and for self-insurance.

G839. RELIEF DEPARTMENT AND PENSIONS.

Charge to this account all matters provided for under the following heads:

RELIEF DEPARTMENT EXPENSES: This head includes all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

PENSIONS: This head includes all pensions paid to retired employees, and expenses in connection therewith.

G840. GAS FRANCHISE REQUIREMENTS.

Charge to this account the cost of all gas and other materials and supplies furnished to municipal corporations in compliance with franchise requirements and for which no payment is received by the corporation; also of all direct expense, such as paving and other like matters, incurred in compliance with such requirements and for which no reimbursement is received by the corporation. Amounts charged to this account for which there is no direct money outlay shall be credited to the below provided account No. G852, "Miscellaneous Adjustments—Balance," under the head of "Duplicate Gas Charges—Cr."

G841. RESIDUALS EXPENSE.

Charge to this account all expense specially incurred in connection with the utilization and sale of residuals and byproducts, such as coke, tar, ammonia, carbon, and other residuals and byproducts, etc.

NOTE.—Charges to this account must be made in such wise as to enable the corporation to show separately the following matters:

a. *Coke expense*, including the cost of all labor and supplies specially consumed and expense specially incurred in the disposal of coke over and above what would be necessitated by such disposition if the coke were not sold. This includes the cost of any special preparation of the coke for sale and the cost of hauling such coke to points of delivery.

b. *Tar expense*, including the cost of all labor and supplies specially consumed and all expense specially incurred in the disposition of tar over and above the expense that would be involved if such tar were consumed by the corporation. If both coal gas and water gas are manufactured, and the resulting tars are separately disposed of, the tar expense shall be stated for each.

c. *Ammonia expense*, including the cost of all labor and supplies specially consumed and all expense specially incurred in the preparation and sale of ammonia or ammoniacal liquor over and above what would be involved if such liquor were consumed or wasted by the corporation.

d. *Other residuals and byproducts expense*, including the cost of all labor and supplies specially consumed and expense specially incurred in the preparation and disposition of other residuals and byproducts than those provided for under the foregoing three heads, over and above what would be involved if such residuals and byproducts were consumed by the corporation or wasted.

G842. GENERAL AMORTIZATION — GAS.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the month in the tangible gas capital of the corporation, such portion of the life of intangible fixed capital as has expired or been consumed during the month, and the amount estimated to be necessary to provide a reserve to cover the cost of property destroyed by extraordinary casualties; less the amounts charged for that month to the various repair accounts in Gas Operating Expenses. The amount charged (or credited) to this account shall be concurrently credited (or charged) to the reserve account No. 374, "Accrued Amortization of Capital".

NORM A.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of amount of gas sold. Amortization of intangible capital shall likewise be based on rule. Whatever may be its basis, such rules and a sworn statement of the facts and expert opinions and estimates upon which they are based shall be filed with the Public Service Commission on or before February 1, 1909; each amendment of any such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Amortization of Capital".

NORM B.—When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. G100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the reserve account, "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit". Where capital is substantially continuous and can not be satisfactorily individualized, it shall be kept in efficient operating condition through repair, and the renewals and replacements of parts thereof shall be considered repairs. In the case of buildings, towers, bridges, trestles, and other separate structures capable of being readily individualized, charges to this account must be sufficient to provide (in respect of such capital and except as provided in account No. G100, "Fixed Capital, December 31, 1908,") in the account "Accrued Amortization of Capital" by the time such structures go out of service a reserve equal to the original money cost thereof, less salvage, to which account such original cost, less salvage, shall be charged.

G847. INJURIES TO PERSONS AND PROPERTY.

Charge to this account all matters provided for under the following heads:

ACCIDENTS AND DAMAGES: This head includes all expenses (other than law expenses provided for under the succeeding head) on account of persons killed or injured and property damaged in connection with the operation of the plant, as below classified; these classes must be separately shown in annual reports to the Public Service Commission:

a. Claim Department Expenses: Salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

b. Medical Expenses: Salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

c. Injuries to Employees: Amounts paid in settlement of claims of employees for injuries arising in the course of their employment; also wages paid to disabled employees while off duty.

d. Other Personal Injuries and Property Damage: Amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the plant, and amounts paid in settlement of claims for damage to property not owned by the accounting corporation.

e. Other Accident Expenses.

NOTE.—If it is desired that the charge to operating expenses on account of accidents and damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 881, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

LAW EXPENSES CONNECTED WITH DAMAGES: This head includes all law expenses in connection with the defense or settlement of damage claims, classified as follows:

f. Salaries and Expenses of Attorneys: A proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work.

g. Court Costs and Expenses: Fees of court stenographers, expenses connected with taking depositions, and other court expenses.

h. Law Printing: Cost of law books, and cost of printing briefs, court records, and similar papers.

NOTE A.—In their annual reports to the Public Service Commission corporations will be required to classify these matters under the three heads, (f), (g), and (h), above given.

NOTE B.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account No. G831, "General Administration," under the head of "General Law Expenses".

NOTE C.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 881, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

G848. GENERAL STATIONERY AND PRINTING.

Charge to this account all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing briefs and other legal papers shall be charged to account No. G831, "General Administration" (under the head of "General Law Expenses"), or G847, "Injuries to Persons and Property" (under the head of "Law Expenses Connected with Damages"), in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter shall be charged to account No. G550, "Commercial Expenses—Gas," under the head of "Advertising—Gas".

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized, shall, if for use in general offices, be charged to account No. G831, "General Administration," under the head of "General Office Supplies and Incidental Expenses"; or if for the use of departmental officers, to the proper departmental accounts.

G849. STORE AND STABLE EXPENSES.

Charge to this account all matters provided for under the following heads:

STORE EXPENSES: This head includes all salaries and expenses in connection with storerooms, including cost of sending materials and supplies from general storerooms to branch storerooms, and the collection of scrap material.

STABLE EXPENSES: This head includes the cost of feed, keep, and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses; also the cost of repairing harness and vehicles.

NOTE.—The cost of horses purchased to replace others should be charged to account No. G122, "General Equipment".

GC852. MISCELLANEOUS ADJUSTMENTS — BALANCE.

Charge or credit to this account in accordance with the following directions:

INVENTORY ADJUSTMENTS — BALANCE: At least once a year an inventory of materials and supplies shall be taken, and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account under this head in case it can not be assigned to a specific account.

DISCOUNTS ON MATERIALS AND SUPPLIES — CR.: Credit to this account under this head all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NOTE.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to account No. G285, "Miscellaneous Construction Expenditures".

DUPLICATE GAS CHARGES — CR.: Credit to this account under this head all charges made to any accounts in gas operating expenses in respect of any gas or other product of gas operations of the corporation consumed therein.

GAS EXPENSES TRANSFERRED — CR.: Credit to this account under this head the proportion of operating expenses (including depreciation and other amortization as well as repairs) chargeable to other coordinate departments (such as electric or street railroad) within the same corporation, but defrayed in the first instance by the gas department.

NOTE.—Do not credit to this account any allowance in the nature of rent or return upon the cost or value of property.

JOINT OPERATING EXPENSE — CR.: When any plant or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the operating expenses, the portion of such expenses chargeable to others under the arrangement shall be credited to this account under this head. The portion so credited must not include any allowance for profit or return upon the value of such property.

NOTE A.—The foregoing should be read in connection with the definition of revenue account No. 448, "Joint Gas Rent Revenue".

NOTE B.—In the case of the production of gas part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to the appropriate revenue account covering the sale of gas. (See account No. 488, "Other Gas Corporations".)

17. Expenses of Outside Operations.—The detailed expense accounts for other than gas operations will be elsewhere provided for.

18. Tax accounts.—An account shall be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account shall be appropriately entitled (as e. g., "Taxes Assignable to Gas Operations," "Taxes Assignable to Non-operating Revenues," etc.), and shall be so kept as to show separately the following:

State Franchise Tax on Capital Stock,
State Franchise Tax on Gross Earnings,
Special Franchise Tax,
Taxes on Land (exclusive of improvements),
Taxes on Improvements on Lands,
Taxes on Personal Property,
Other Taxes (showing in detail).

To each tax account there shall be charged monthly the amount of taxes accruing during the month, and such amount shall be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any month shall, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter shall be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be \$600 for the year, the monthly charge on account of such tax should be \$50 until the amount of the levy becomes known. If during, say the fifth month, it is found that the levy for the year is \$640, there will already have been charged up four months at \$50 per month, leaving \$440 to be charged during the remainder of the year, or \$55 for the fifth month and each month thereafter during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Public Service Commission.

19. Uncollectible Bills.—For uncollectible gas bills the following account is provided:

G870. UNCOLLECTIBLE GAS BILLS.

When, after a reasonably diligent effort to collect, any account stated for gas sold has proved impracticable of collection, it shall be charged to this account and credited to the account receivable in which theretofore charged.

20. Definitions of Non-operating Revenue accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

G901b. RENT ACCRUED FROM LEASE OF GAS PLANT.

Credit to this account monthly as they accrue all revenues flowing to the corporation from its interests in gas plant or equipment held by others under some form of lease whereby it surrenders possession of such property. This account contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor (or its assignee), such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

G901d. MISCELLANEOUS RENT REVENUES.

Credit to this account monthly as they accrue all miscellaneous rent revenues flowing to the corporation as a return upon leased property other than gas plant and equipment. Such revenues shall be classified as follows:

Leasehold Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease the entire term of which is greater than one year. This contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor (or its assignee), such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

Other Rent Revenues: That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease or contract for a term not to exceed one year from the beginning of the term, or held at will or upon sufferance. This sub-account contemplates that the taxes on property of this character shall be paid by the landlord and charged to the appropriate tax account. If under the contract covering the holding for terms of one year or less, or at will, the taxes are to be paid by the tenant, the amount of such taxes shall be credited month by month to this account as they accrue, and shall correspondingly be charged to the tax account covering taxes on property of this character.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

902. INTEREST REVENUES.

Credit to this account monthly as it accrues all —

Interest from Bond Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing bond investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Free Investments: That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Other Sources: That is to say, all interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the two foregoing heads, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

903. DIVIDEND REVENUES.

Credit to this account at their cash value, and as of the date when collectible, all—

Dividends on Bound Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its bound investments.

Dividends on Free Investments: That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its free investments.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

904. PROFITS FROM OPERATIONS OF OTHERS.

Whenever, in accordance with the terms of any contract, the corporation is entitled to participate in the profits resulting from the operations of others, all revenues accruing to the corporation from such source shall be credited to this account.

NOTE.—This account does not include any dividends on stocks. Such dividends should be credited to account No. 902, "Dividend Revenues".

905. MISCELLANEOUS NON-OPERATING REVENUES.

To this account shall be credited all non-operating revenues accruing to the corporation and not provided for in any of the foregoing accounts.

12. Definition of Non-operating Revenue Deductions account.—To an account entitled "Non-operating Revenue Deductions" shall be charged all matters provided for under the following sub-accounts:

a. RENT EXPENSE: This sub-account includes all matters provided for under the following two heads:

Leasehold Expense: That is to say, all expense arising in connection with the procuring of revenues from leaseholds having terms greater than one year, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such leaseholds. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This head includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as reparable wear and tear. It does not include taxes.

Other Rent Expense: This head is analogous to the preceding head "Leasehold Expense," and differs from that only in that this provides for expense in connection with property let for a term of one year or less.

b. INTEREST EXPENSE: This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

c. DIVIDEND EXPENSE: This sub-account includes all expense arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement

or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

d. OTHERS' OPERATIONS EXPENSE: This sub-account includes the cost of negotiating contracts whereunder the corporation is to participate in profits resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

e. MISCELLANEOUS NON-OPERATING EXPENSE: This sub-account includes all non-operating expense (as hereinbefore defined) which is not provided for in the foregoing sub-accounts.

f. NON-OPERATING TAXES: This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

g. UNCOLLECTIBLE NON-OPERATING REVENUES: When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof shall be credited to the account in which theretofore charged, and charged to the account "Non-operating Revenue Deductions" under the head of "Uncollectible Non-operating Revenues".

NOTE.—In annual reports of corporations to the Public Service Commission this account will be required to be fully analysed.

22. Income Deductions.—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by the operating expenses, the taxes, and the uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly for the non-operating revenues, the non-operating expenses, and the non-operating taxes.

The aggregate of the incomes from the several operations and the non-operating income is the gross income applicable to corporate and leased properties. As has before been said, the gross income is, in the usual case, subject to various compulsory deductions, and these are hereinafter called *Income Deductions*.

23. Definitions of Income Deduction accounts.—In the following definitions the letters and numbers prefixed to the titles of the several accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

921. INTEREST DEDUCTIONS.

Charge to this account monthly (or as otherwise below directed) all matters provided for under the following five heads:

Absolute Interest Accrued on Funded Debt: This head includes all interest accruing absolutely on the outstanding funded debt of the corporation.

Contingent Interest Accrued on Funded Debt: This head includes, when the contingency occurs, all interest accruing contingently on the outstanding funded debt of the corporation. This includes such matters as interest on income bonds.

Interest Accrued on Receiver's Certificates: This head includes all interest accruing on receiver's certificates which are liens upon the property of the corporation or any part of it.

Interest Accrued on Other Unfunded Debt: This head includes all interest accruing on all unfunded debt of the corporation except receiver's certificates.

Interest Accrued on Debenture Stocks: This head includes all interest accruing on the outstanding debenture stocks of the corporation.

Entries in the account "Interest Deductions" must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

922b. RENT FOR LEASE OF OTHER GAS PLANT.

Charge to this account monthly all amounts accrued against the accounting corporation for rent of gas plant and equipment which it holds under some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such plant and equipment shall not be charged to this account but to the appropriate Taxes account. If such taxes are (under the contract of lease) payable by the lessor or reversioner, they shall be credited to this account and charged to the appropriate Taxes account. Such taxes, when paid by the lessor or reversioner, shall be charged to its rent revenue account and not to its Taxes account, to the end that taxes upon such plant and equipment shall be reported by the corporation in possession.

922. OTHER RENT DEDUCTIONS.

Charge to this account the matters provided for in the following sub-accounts:

f. JOINT FACILITY RENTS: Where any plant or equipment is maintained or operated by another corporation for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such plant or equipment over and above depreciation and other expense of maintenance and operation, such pure rent, or profit, or return upon property shall be charged to this sub-account.

NOTE.—This should be read in connection with revenue account No. 448, "Joint Gas Rent Revenue".

g. MISCELLANEOUS RENT DEDUCTIONS: This sub-account includes all miscellaneous rents payable not elsewhere provided for.

NOTE A.—Rents for furnished offices (and for office rooms in office buildings heated and lighted by the landlord) should not be charged to this account, but to the appropriate expense account.

NOTE B.—Entries in this account must be made in such wise as to permit an analysis in the annual report of the corporation in accordance with the sub-accounts above defined.

923. SINKING FUND ACCRUALS.

Charge to this account month by month all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

924. GUARANTIES OF PERIODIC PAYMENTS.

Charge to this account all unsecured accruals of obligations arising under contracts whereby the corporation has guaranteed the *annual or more frequent periodic* payment of money or performance of other obligation on the

part of another corporation or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This account does not include such matters as guaranties of payment of principal of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the unsecured portion thereof shall be charged to this account.

925. LOSS ON OPERATIONS OF OTHERS.

Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged to this account.

926. OTHER CONTRACTUAL DEDUCTIONS FROM INCOME.

Charge to this account month by month all contractual liabilities arising from annual or other more frequent periodic matters and not includible in any of the foregoing accounts. This account includes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

927. AMORTIZATION OF LANDED CAPITAL.

Charge to this account at the close of any fiscal period such proportion of the original money cost (estimated if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account shall be concurrently credited to account No. 874, "Accrued Amortization of Capital".

NOTE B.—When any landed capital expires or is otherwise retired from service (as e. g., through sale), the capital account or other indicant account (if any) originally charged therewith shall be credited with the amount originally charged, the account "Accrued Amortization of Capital" shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

928. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE.

Charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to account No. 939, "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

929. AMORTIZATION OF PREMIUM ON DEBT—CR.

Credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the

maturity of any debt will completely amortize or wipe out the premium at which such debt was issued. Such amortization may at the option of the corporation be effected by crediting all or any portion of such premium to account No. 931b, "Other Additions to Surplus," only upon the maturity of the debt.

24. Appropriations.—The balance resulting from closing the foregoing income deduction accounts for any fiscal period into gross income for that period gives the *Net Corporate Income* for the period. The net corporate income being of the same nature as the corporate surplus shall be closed into the "Corporate Surplus or Deficit" account. The group of accounts which show for any fiscal period the changes in the "Corporate Surplus or Deficit" account are designated the *Appropriation* accounts, for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period each of the appropriation accounts shall be closed into the "Corporate Surplus or Deficit" account.

25. Definitions of Appropriation accounts.—In the following definitions of the appropriation accounts the letters and numbers prefixed to the titles of the accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

931a. BAD DEBTS COLLECTED.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

931b. OTHER ADDITIONS TO SURPLUS.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NOTE — A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

932. EXPENSES ELSEWHERE UNPROVIDED FOR.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc., fines levied on directors, officers, and other employees and assumed by the corporation, donations to funds, to churches and other associations, and other like expenses and outgoes.

933. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall thereupon be charged to this account. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

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934. AMORTIZATION ELSEWHERE UNPROVIDED FOR.

Charge to this account such amortization as is not elsewhere provided for. This account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

935. APPROPRIATIONS TO RESERVES.

Charge to this account all optional appropriations to reserves.

936. GIFTS TO CONTROLLED CORPORATIONS.

Charge to this account all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

937. OTHER APPROPRIATIONS.

Charge to this account all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

938. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as have been provided for in the heretofore defined "Uncollectible Bills" account must not be included in this account.

939. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

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UNIFORM SYSTEM OF ACCOUNTS

AS ESTABLISHED FOR GAS CORPORATIONS WITH ANNUAL GROSS
OPERATING REVENUES BELOW \$25,000.

ADOPTED DECEMBER 18, 1908; EFFECTIVE JANUARY 1, 1909.

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STATE OF NEW YORK,
PUBLIC SERVICE COMMISSION, SECOND DISTRICT.
At a session of the Public Service Commission, Second
District, held at the Capitol, Albany, on the 18th
day of December, 1908.

Present:

FRANK W. STEVENS, Chairman,
THOMAS M. OSBORNE,
MARTIN S. DECKER,
JAMES E. SAGUE,
JOHN B. OLMSTED,
Commissioners.

Ordered: That, except as hereinafter provided:

1. On and after January 1, 1909, every gas corporation whose revenues from gas operations as defined in the hereto annexed schedule marked "Schedule A" were, during the year ended June 30, 1907, below the sum of twenty-five thousand dollars (\$25,000), and every gas corporation not engaged in operation, shall keep upon its books the accounts prescribed or defined in the said "Schedule A", so far as the said accounts are pertinent to the facts and circumstances of the said corporation. The term gas corporation is used herein in the sense defined in the Public Service Commissions Law (except that corporations whose operations are confined exclusively to natural gas, gasoline gas, and acetylene, all unincorporated persons, and all corporations engaged principally in other operations and conducting gas operations merely as an incident and having annual gross revenues from such gas operations not exceeding ten thousand dollars, are excluded herefrom).

2. On and after the date of service of this order on any such gas corporation, such corporation shall not charge to any account representing cost of property any discount or commission on securities issued by the said corporation, but shall charge all such discounts, commissions, and other expense connected with the issue of securities subsequent to the said date of service, in accordance with the directions contained in the definitions of the account named Organization, and the account named Unamortized Debt Discount and Expense, in the said "Schedule A".

3. On and after January 1, 1909, every such gas corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedule marked "Schedule B", so far as the same are pertinent to the facts and circumstances of the said corporation.

4. During the year beginning January 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun January 1, 1908; provided that on or before January 1, 1909, there be filed with the Public Service Commission a statement containing a list of the said accounts pertaining to the year begun January 1, 1908, and definitions of such accounts.

5. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary, experimental, or divisional account, the said corporation shall file with the Public Service Commission, at least ten days in advance of the time when the said account is to be instituted, a statement showing the name of the said account, the date when it is to be instituted, the purpose for which it is to be kept, the period of time during which it is to be kept, and a clear and accurate definition of the classes of items and facts to be contained in the said account; and in case of a divisional account, the definition of the division covered. Upon compliance with the provisions of this paragraph, any account herein prescribed or defined in either said "Schedule A" or said "Schedule B" may be subdivided.

6. All notices herein required to be filed concerning accounts shall be upon sheets 9½ inches by 12 inches in size, and shall be entitled in the name of the corporation filing said notices, followed by a brief statement of the character of the accounts covered by the notice.

SCHEDULE A.

BALANCE SHEET OR INDICANT ACCOUNTS.

1. **Gas Corporations and Gas Operations defined.**—Section 2 of the Public Service Commissions Law defines *gas corporation* as follows:

§ 2. . . . The term "gas corporation" . . . includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever, owning, operating, managing or controlling any plant or property for manufacturing and distributing and selling for distribution or distributing illuminating gas (natural or manufactured) for light, heat or power.

Gas operations, as the term is hereinafter used, include all acts and transactions directly connected with the operation of a plant for the production of gas (whether natural or manufactured), the transmission thereof and the supply thereof to consumers for light, heat, or power, and all operations incident thereto, including the collection of revenues therefor and the disposition of byproducts produced in connection therewith.

2. **Accounts to be kept by double-entry method.**—All accounts kept by any corporation or person within the scope of the present order shall on and after January 1, 1909, be kept by the double-entry method.

NOTE.—This requirement is not intended to apply to purely statistical accounts.

CAPITAL ACCOUNTS.

3. **Capital defined.**—As the term is used herein, by *capital* of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. **Fixed Capital defined.**—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen¹) is called *fixed capital*.

5. **Floating Capital defined.**—Capital other than fixed capital is called *floating capital*.

6. **General Capital and Departmental Capital defined.**—Fixed capital is divisible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the uses of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

7. **Landed Capital and Non-landed Capital defined.**—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called *non-landed capital*.

8. **Intangible and Tangible Capital distinguished.**—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible property within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses.¹

9. **Further Classification of Capital.**—Capital is also divisible into *original capital*, *additions*, *betterments*, and *renewals and replacements*, as defined below. Charges to capital accounts shall show these divisions as set forth in paragraph 21, *infra*.

10. **Original Capital defined.**—*Original capital* is that put into service at the outset of an enterprise.

11. **Additions defined.**—*Additions* include additional structures, facilities, or equipment not taking the place of anything previously existing.

12. **Betterments defined.**—*Betterments* include the enlargement or improvement of existing structures, facilities, and equipment.

13. **Renewals defined.**—*Renewals* include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. **Replacements defined.**—*Replacements* include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When a substitute has a substantially greater capacity than that for which it is substituted, the cost of substitution of one of the same capacity as the thing replaced should be charged as a replacement, and the remaining portion of the cost of the actual substitute should be charged as a betterment.

15. **Repairs defined.**—When through wear and tear or through casualty it becomes necessary to replace some part of any structure, facility, or unit of equipment, and the extent of such replacement does not amount to a substantial change of identity in such structure, facility, or unit of equipment, the replacement of such part is to be considered a repair, and the cost of such repair is to be treated as an operating expense and must not be charged as a replacement in any capital account.

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

16. **First entries must enable identification.**—Throughout all capital accounts, the first entry in respect of any particular thing shall describe it with such particularity as to enable its identification, and shall give it a distinguishing name, number, or other designation by which it shall thereafter be designated in every entry in any capital account which in any way concerns it. In the case of continuous structures like railroad track, or electric line, or pipe line, such structures shall be itemized to the extent that no item shall contain more than one operating division or more than one type of construction, and the first entry in relation to any item shall describe the size, weight, type, and other principal physical characteristics of the chief constituent parts, together with their spacing if discontinuous.

17. **Costs of new capital to be actual money costs.**—All charges made to capital or other accounts on or after January 1, 1900, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

18. **Discounts upon securities not to be charged to capital accounts.**—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

19. **Costs of labor, materials, and supplies.**—Cost of labor (employed in construction) includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of materials and supplies consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

20. **Withdrawals or retirements.**—When anything is withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

21. **Particulars required to be shown in entries.**—Every charge made to a capital account on or after January 1, 1900, shall show whether the thing in respect of which the charge is made is original capital, or an addition, a betterment, a renewal, or a replacement. If the thing is a betterment, the entry shall designate the thing enlarged or improved and shall cite by name and page of book or other record the original entry of cost of such thing

enlarged or improved. If the thing to which any charge hereafter made relates is a renewal or a replacement, the entry made in respect thereof shall designate the thing renewed or replaced and shall cite by name and page of book or other record the original entry or entries of cost of such thing renewed or replaced. If there is no entry in the accounts of the corporation showing the cost (to the corporation) of the thing bettered, renewed, or replaced, that fact shall be stated in the entry describing the betterment, renewal, or replacement, and the original cost of such thing to the corporation shall be stated. Such cost shall be estimated if not known, and when estimated the basis of such estimation shall be shown.

22. **Betterments involving partial destruction of thing bettered.**—If any betterment involves the partial destruction or partial reconstruction of the thing bettered, only such portion of the cost of the change shall be charged as a betterment as will when added to the original cost (estimated if not known) of the thing bettered give the cost of reconstruction or replacement of the thing as bettered, and the remainder of the cost of the change (account being taken of any salvage) shall be charged to the appropriate repair account.

E. g., a building, original cost unknown but estimated to be \$15,000, is bettered by the construction of an elevator shaft, and its stairways are modified so as to be fireproof; the actual expenditure for these changes is \$3,000; the estimated cost of replacement of the building (as modified) with one equally serviceable and with an equal expectation of life is \$16,000; the charge to capital account as a betterment should be \$1,000, and the remainder (\$2,000) of the expenditure should be charged to the appropriate repairs account.

23. **Plant and equipment and other capital purchased.**—When any fixed capital in the form of a going or completed plant is purchased, an appraisal of such capital so acquired shall be made, and the different constituent elements of the plant (and equipment, if any) or other capital acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence, and inadequacy. If the actual money value of the consideration given for the plant or other capital was at the time of the acquisition in excess of such appraised value, the excess shall be charged to the account "Other Intangible Gas Capital," and the appraised values of the constituent elements shall be charged to the appropriate accounts as designated in the following definitions of accounts for fixed capital. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each plant or other such fixed capital purchased, will be required to be made to the Public Service Commission, and the purchaser will be required to procure in connection with the acquisition of any such plant or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such plant, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

24. Definitions of Fixed Capital accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

G100. FIXED CAPITAL, DECEMBER 31, 1908.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to gas operations as such capital stood at the close of December 31, 1908. Such charges shall be made at the figures at which such capital was carried on the books of the said person or corporation on that date. When any capital included in such account is retired from service, the amount at which it is charged therein shall be credited to this account; the amount of depreciation or other amortization thereon applicable to the period subsequent to December 31, 1908, shall be charged to account No. 374, "Accrued Amortization of Capital," proper account shall be taken of any salvage, and the remainder of the amount originally charged to capital shall be concurrently charged to the Corporate Surplus or Deficit account (or equivalent account carried on the books on December 31, 1908), unless there was carried on the books at that date a reserve to cover retirement of capital from service, in which case the said concurrent charge shall be made to such retirement reserve account. If the amount at which the said capital in service on December 31, 1908, and subsequently retired from service, was included in the said account is not disclosed on the books and records of the accounting person or corporation and is not within the knowledge of such person or corporation or officers or other employees thereof, it shall be estimated, and such estimated amount shall be treated as is above directed for the actual amount, the fact of estimation being stated in the entry.

NOTE.—Corporations will be required to carry as sub-accounts of the account "Fixed Capital, December 31, 1908," the several accounts on their books on that date which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

The following capital accounts are prescribed for transactions subsequent to December 31, 1908:

G110. LAND DEVOTED TO GAS OPERATIONS.

Charge to this account the cost of the accounting corporation's landed capital which is devoted to gas operations as hereinbefore defined. This includes land occupied by gas works and their appurtenances and rights of way for transmission and distribution lines and other pipe lines, where such rights have lives in excess of one year from the date when such land is placed in service. Such cost includes, *when assumed or paid by the purchaser in its own behalf*, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired; also costs of obtaining consents and payments for abutting damages.

NOTE A.—Cost of buildings and other improvements must not be included in this account.

NOTE B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to its gas operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the appropriate structures account, and excluded from the account "Land Devoted to

Gas Operations". If such improvements are not devoted to gas operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land Devoted to Gas Operations". The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Public Service Commission the subdivision of the cost of its land devoted to gas operations into the following:

- Land Occupied by Gas Works.
- Land Occupied by Outside Holder Stations.
- Water Rights.
- Other Land Devoted to Gas Operations.

101. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidence of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiation and issue of stock thereunder, shall be classed as additions. Cost of preparing and filing certificates of amendment of articles of incorporation shall be classed as a betterment. Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classed as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

G102. FRANCHISES (GAS).

To this account shall be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" (section 69 of the Public Service Commissions Law) as is necessary to the conduct of the corporation's gas operations. If any such franchise is acquired by mesne assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Gas Capital". If any such franchise has a life of *not more than one year after the date when it is placed in service*, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments" if extending beyond the fiscal year.

Payments made to the State or to some subdivision thereof as a consideration for granting an extension for more than one year of the life period of a franchise shall be classed as renewals. Those made as a consideration for franchises or extensions thereof covering additional territory to be operated

as a part of an existing system shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NOTE.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

G103. PATENT-RIGHTS (GAS).

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's gas operations. If any such right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent-right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

G104. OTHER INTANGIBLE GAS CAPITAL.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to gas operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

G121. GENERAL STRUCTURES.

Charge to this account the cost of all buildings and other structures of a permanent character devoted to general corporate purposes, not restricted to gas operations and not includible in any of the departmental accounts; also of all fixtures permanently attached thereto and made a part thereof, such as water pipes and fixtures, steam pipes and fixtures for warming and ventilating, gas pipes and fixtures for lighting, etc., electric wiring and fixtures for lighting, signaling, etc.; elevators, etc., and the engines and motors specially provided for operating them; furnaces, boilers, etc., specially provided for producing steam for such engines and for heating; electric generators specially provided for producing current for lighting such buildings, etc. This account includes such piers and other foundations for machinery and apparatus as are designed to be as permanent as the buildings in (or in connection with) which they are constructed, and to outlast the first machinery or apparatus mounted thereon.

NOTE A.—Among such buildings may be mentioned general office buildings, general shop buildings, general storehouses, general stable buildings, etc. Where general offices, shops, storehouses, stables, etc., are in buildings includible in a departmental account, as e. g., in a retort house, no part of the cost of such building shall be charged to this account. This account is provided for structures of a general or miscellaneous character not assignable to any particular department.

NOTE B.—When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a general building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate departmental capital account, and no part to the account "General Structures".

NOTE C.—The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, should be charged to the same account as is the cost of the machinery or apparatus for which they are provided.

G122. GENERAL EQUIPMENT.

Charge to this account the cost of all equipment of general structures, as provided under the following heads:

a. *General Office Equipment*: This includes the cost of all equipment of general offices, such as desks, chairs, tables, movable safes, filing cases, drafting-room equipment, and other like office appliances and equipment; also engineering instruments.

b. *General Shop Equipment*: This includes the cost of all equipment specially provided for general shops, such as furnaces, boilers, gas producers, engines, electric generators, and other power apparatus used in operating machinery in such shops; machine tools, cranes, hoists, shafting, belts, and the like shop equipment; also such smithing equipment in general shops as is used principally for other general purposes than shoeing horses and repairing vehicles.

NORM.—Hand and other small portable tools liable to be lost or stolen shall not be included herein, but portable tools and apparatus of special value may be charged to this account and remain herein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

c. *General Store Equipment*: This includes the cost of all equipment of general store structures, such as movable counters, movable shelving, and other movable equipment of like nature, carts, barrows, trucks, etc., and other apparatus and appliances used in handling materials and supplies.

NORM.—Counters, shelving, and the like which are permanently attached to the structure shall be charged to account No. G121, "General Structures," and not to this account.

d. *General Stable Equipment*: This includes the cost of all equipment of general stables, including horses, harness, drays, wagons, automobiles and other vehicles, equipment of shoeing shops, harness repair shops, vehicle repair shops, etc.

221. WORKS AND STATION STRUCTURES.

Charge to this account the cost of all structures at works devoted to the production of gas, including purification and all other processes performed upon such gas antecedent to its entrance into the station holder; also of all buildings and other structures at outlying holder stations, except the holders and their appurtenances as provided in the following account, "Holders". Such structures include retort houses, generator houses, purifier houses, engine houses, boiler houses, meter houses, coal sheds, coke sheds, tar houses, oil tanks, tar wells, and other structures for storage of fuel to be consumed or carbonized in the production of gas and the operations auxiliary thereto; structures for residuals and byproducts; appurtenant walks, fences, drives, tramways, trestles, etc., and all fixtures permanently attached to such structures and made a part thereof.

NORM.—Such piers and other foundations for machinery and apparatus as are designed to be permanent and to outlast the first machinery or apparatus mounted thereon shall also be charged to this account; but short lived, temporary, or specially provided foundations and settings for furnaces and boilers, steam engines, gas engines, pumps, generators, benches, condensers, washers, scrubbers, purifiers, etc., shall go with the machinery and apparatus to which they are related. Gas holders are not includible in this account.

222. HOLDERS.

Charge to this account the cost of all holders at works and outlying stations, including tanks, foundations, holders, frame work, guides, pulleys, etc., and inlet and outlet valves of such holders.

NOTE.—Holder housings shall be charged to account No. 221, "Works and Station Structures".

G141a. FURNACES, BOILERS, AND ACCESSORIES.

Charge to this account the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in producing gas and in furnishing motive power in gas works and stations. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances; also iron smokestacks. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine, to condensers, or to the gas generators, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

G141b. STEAM ENGINES.

Charge to this account the cost of all steam engines devoted to use as prime movers in gas works. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe.

G143b. GAS ENGINES.

Charge to this account the cost of all gas engines devoted to use as prime movers in gas works and stations. This includes the specially provided foundations and settings of such engines. The engine includes the inlet valve and governor, and ignition and starting apparatus, but not the pipe leading from the gas holder, nor the exhaust pipe.

G145. MISCELLANEOUS POWER PLANT EQUIPMENT.

Charge to this account the cost of all miscellaneous power plant equipment at gas works which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the apparatus operated, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

223. BENCHES AND RETORTS.

Charge to this account the cost of all benches and retorts devoted to the production of coal gas. This includes the cost of specially provided foundations and settings and auxiliary piping, including foul and hydraulic mains.

G143a. WATER GAS SETS AND ACCESSORIES.

Charge to this account the cost of sets and accessories devoted to the production of water gas, including the cost of specially provided foundations and settings for such sets. This account includes not only generators, carbureters,

superheaters, seals, and piping connected therewith, etc., but also blast apparatus, oil and steam supplying apparatus, oil heaters, etc. It does not include pipes whose primary purpose is the warming of buildings.

224. PURIFICATION APPARATUS.

Charge to this account the cost of all purification apparatus, such as condensers, washers, scrubbers, purifiers, tar extractors, etc., and their ancillary apparatus and piping, including the cost of specially provided foundations and settings.

225. ACCESSORY EQUIPMENT AT WORKS.

Charge to this account the cost of all equipment at works and holder stations which is not includible under any of the foregoing accounts. This includes exhausters, station meters, governors, etc.; apparatus for charging retorts; conveyors for disposing of coke and other products and residuals; tar and ammonia apparatus, pumps, pipes, tanks, etc.

231. TRUNK LINES AND MAINS.

Charge to this account the cost of all trunk lines and mains in place. This includes all pipe lines from the yard connections to district holders, and from the works governor to the beginnings of services, including the cost of all trenching, etc., necessary to the placing of the pipe, and the cost of filling trenches and restoring the surface to its former condition or to that required by the municipal authorities at the time the line is installed.

232. GAS SERVICES.

Charge to this account the cost of the corporation's property in service pipes and appurtenances in or leading to consumers' premises. This includes the cost of material in place, cost of trenching for placing services, and of filling trenches and restoring surface to proper condition.

NORM A.—When consumers are required to pay some or all of the cost of services, only that portion of the cost not chargeable to the consumer is chargeable to this account; in all cases where only a portion of the cost of the service is chargeable to this account the entry in this account shall show the entire cost of the service as well as the amount charged to this account.

NORM B.—Where services extending only from main to curb (or to lot line) are placed before actually required for the purpose of supplying consumers, the entry of cost must show that fact. Such services will be required to be separately reported in the annual reports of corporations to the Public Service Commission.

NORM C.—Cost of renewing or modifying services shall not be charged to this account.

233. GAS METERS.

Charge to this account the cost of the corporation's property in all meters and appurtenances used in measuring the gas delivered to consumers.

NORM A.—This account does not include the cost of the corporation's meters at the works; such cost shall be charged to account No. 225, "Accessory Equipment at Works," or to a sub-account thereunder.

NORM B.—Cost of setting, removing, or re-setting such meters shall not be charged to this account.

NORM C.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of consumers' meters temporarily withdrawn from service.

234. GAS METER INSTALLATION.

Charge to this account the labor and materials cost (exclusive of cock and connections) of the first setting of meters for determining the amount of gas delivered to consumers, in case it is the policy of the corporation to capitalize the cost of such setting.

NORM A.—Cost of removing such meters and of setting other meters substituted for them shall not be charged to this account but to account No. 634a, "Gas Meter and Installation Work".

NORM B.—This account must not include at any time the cost of installation of a greater number of consumers' meters than are actually in service.

235. MUNICIPAL STREET LIGHTING FIXTURES (GAS).

Charge to this account the cost of the corporation's property in the lamps, posts, and ancillary apparatus and appliances used in lighting streets for a municipal corporation. Such cost includes not only cost of material but also cost of first setting and coupling up. It does not include cost of removal or change of position.

NORM.—Where the municipality requires for its special benefit the extension of mains and services for street lighting, such extensions may, so long as used solely for street lighting, be charged to this account, provided a full description of the extensions so charged and the amounts charged in respect thereof be filed with the Public Service Commission on or before the date when the entry thereof is made upon the books of the corporation.

236. GAS ENGINES AND APPLIANCES.

Charge to this account the cost of the corporation's property in gas engines leased to consumers (including municipal corporations), but not of those held for purposes of sale. Such engines include all appliances for the production of mechanical motion through the consumption of gas. Also charge to this account the cost of the corporation's property in all gas stoves and other heating appliances leased to consumers, but not of those held for purposes of sale. This includes stoves, ranges, heaters, hot plates, sadirons, tailors' irons and gooses, and other like devices and appliances consuming gas for the direct production of heat.

NORM A.—The cost of setting and connecting such engines and heating appliances on the premises of consumers and the cost of re-setting or of removal shall not be charged to this account.

NORM B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of such gas engines and appliances temporarily withdrawn from service.

237. GAS TOOLS AND IMPLEMENTS.

Charge to this account the cost of all tools and implements coming within the scope of the definition of fixed capital (see paragraph 4, page 667, *ante*) and not covered by any of the foregoing equipment accounts.

238. GAS LABORATORY EQUIPMENT.

Charge to this account the cost of all physical and chemical apparatus used in testing and other technological work, and of all equipment in laboratories used for technological work, such as calorimetry, photometry, chemical analysis, and the like; also all equipment for testing building and other materials used in the engineering operations of the company.

NORM.—This account does not include the cost of any chemicals or other supplies, such being chargeable to the appropriate sub-account in the account "Materials and Supplies"; as consumed they shall be charged thence to the appropriate expense accounts.

239. OTHER TAXIBLE GAS CAPITAL.

Charge to this account the cost of all miscellaneous tangible gas capital not elsewhere provided for.

G281. ENGINEERING AND SUPERINTENDENCE.

Charge to this account all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work,

and all expenses incident to the work, when such disbursements can not be assigned to specific construction.

NORM.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged.

G282. LAW EXPENDITURES DURING CONSTRUCTION.

Charge to this account general expenditures of the following nature incurred in connection with the construction of a gas plant: namely, the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees; and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of the right of way or other land shall be charged to account No. G110, "Land Devoted to Gas Operations". Law expenditures in connection with the organization of the corporation shall be charged to account No. 101, "Organization".

G283. INJURIES DURING CONSTRUCTION.

Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of gas plant and equipment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (including payments to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

G284. TAXES DURING CONSTRUCTION.

Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

G285. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

Charge to this account the salaries and expenses of executive and general officers of a gas plant under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which can not properly be charged to any other account in this classification.

NORM A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NORM B.—This account shall not include any costs of organization, or any costs or discounts connected with the issue and disposal of stocks, funded debt, or other securities, and commercial paper.

G286. INTEREST DURING CONSTRUCTION.

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account. To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

O110. LAND IN OTHER DEPARTMENTS.

Charge to this account the cost of the corporation's interests in land (exclusive of improvements thereon) devoted to operations other than electric operations, gas operations, railroad operations, and street railroad operations.¹ Such cost includes, *when assumed or when paid by the purchaser in its own behalf*, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired. If at the time of acquisition of such interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to operations other than the four classes above mentioned, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value, and such appraised value shall be charged to the appropriate accounts and excluded from the account "Land in Other Departments". If such improvements are held as investments, the cost (or appraised value at time of acquisition of title if the cost to the corporation is not determined in the contract of acquisition) shall be charged to the appropriate investment account. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land in Other Departments".

O102. FRANCHISES IN OTHER DEPARTMENTS.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right " as is necessary to the conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

O103. PATENT-RIGHTS IN OTHER DEPARTMENTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

¹ NOTE.—ELECTRIC CAPITAL, RAILROAD CAPITAL, AND STREET RAILROAD CAPITAL.—For the accounts to which shall be charged the cost of capital devoted to electric operations, see the Uniform System of Accounts for Electrical Corporations; for steam railroad operations, see the Uniform System of Accounts for Expenditures for Road and Equipment, etc., as established for Steam Railroad Corporations by the Public Service Commission; and for electric railroad and street railroad operations, see the Uniform System of Accounts for Street Railroad Corporations.

0104. OTHER INTANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of intangible capital devoted to its operations other than electric, gas, railroad, and street railroad, and not includible under any of the foregoing accounts.

0120. TANGIBLE CAPITAL IN OTHER DEPARTMENTS.

Charge to this account the cost of all property of the corporation coming within the definition of tangible capital devoted to its operations other than electric, gas, railroad, and street railroad.

25. **Floating Capital divided into two groups.**—Floating capital is divided into two great groups, of which the first is herein called *Materials and Supplies*, and the second, *Current Assets*.

26. **Definitions of Floating Capital accounts.**—In the following definitions the letters and figures prefixed to the titles of the accounts are no part of the titles and are inserted merely for convenience of reference:

G10. MATERIALE AND SUPPLIES.

Charge to this account the cost (including transportation) of all materials and supplies acquired by the corporation, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to account No. G286, "Interest During Construction," or to account No. GC852, "Miscellaneous Adjustments—Balance," according as such materials and supplies are intended for construction or for operation.

The scrap value of things retired from service shall be charged to an appropriate sub-account in this account while such things remain the property of the corporation. If such scrap value is not known and can not readily be determined it shall be estimated, and errors in such estimates when determined shall be adjusted through the accounts involved if during the year in which the estimates were made; if later, then through the "Corporate Surplus or Deficit" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account and debited or credited to the operating expense account No. GC852, "Miscellaneous Adjustments—Balance," in case they can not be assigned to specific accounts. Shortages may, however, be charged directly to "Corporate Surplus or Deficit". Where such materials and supplies have been used in construction, a suitable proportion of such shortages or overages may be debited or credited to account No. G285, "Miscellaneous Construction Expenditures".

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

I. CASH.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes

coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

2. BILLS RECEIVABLE.

Charge to this account the cost of all bills receivable (except as below provided) which are the property of the corporation and upon which solvent concerns are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include investments (for which see below); nor does it include interest coupons.

3. ACCOUNTS RECEIVABLE.

Charge to this account all amounts owing to the corporation upon accounts with solvent concerns (other than banks); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

4. INTEREST AND DIVIDENDS RECEIVABLE.

Whenever the income account is stated the appropriate sub-account therein shall be credited and this account shall be charged with all accrued but not yet collected interest upon all commercial paper and accounts considered collectible held by or for the benefit of the corporation; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

5. OTHER CURRENT ASSETS.

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

27. Investments defined.—By *Investments*, as here used, are meant all properties acquired not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations at a time when it seems probable that they can not be so advantageously acquired as at the time of actual acquisition. By *bound investments* are meant those held subject to a lien of some character; by *free investments* are meant those held free of all liens.

300. INVESTMENTS.

The cost of the corporation's title to any property held as an investment shall be charged to an account entitled "Investments".

NOTE.—In the annual reports to be made to the Public Service Commission by the corporations and other persons engaged in gas operations, investments, whether bound or free, will be required to be classified with at least the following detail: Bound investments will be required to be divided into the three classes: "Mortgaged or Pledged Investments," "Contractual Fund Investments," and "Other Bound

Investments". Each of these three classes, and the class "Free Investments," will be required to be subdivided into the following: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlled Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments.

28. **Special Deposits defined.**—By *Special Deposits*, as here used, are meant amounts of money and bank credits in the hands of fiscal or other agents of the corporation for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safety deposit vaults, etc., so long as they are available for general purposes of the corporation, shall be excluded herefrom.

311. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *specially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest Accrued" account.

312. DIVIDEND SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *specially* deposited in the hands of fiscal agents or other agents of the corporation for the payment of dividends upon the corporation's stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

313. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other *special* purposes than the payment of interest coupons and dividends. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

29. **Prepayments.**—When payments for taxes, insurance, rents, and the like are made in advance of the actual accrual thereof, the amount of the advance payment shall be charged to the appropriate account in this group. As such taxes, etc., accrue, the appropriate prepayment account shall be credited and the appropriate expense or other income account shall be charged.

NOTE.—By the accrual of taxes, insurance, rents, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus, if the rent fixed by contract of lease for a certain property is \$600 for a calendar year, this accrues at the rate of \$150 each quarter (unless it is desired to base the accrual on days, when of course the varying lengths of the quarters would require to be considered), regardless of the actual times when the rent matures; \$150 should thus (if the rent has been prepaid) be credited each quarter to the account "Prepaid Rents," and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

321. PREPAID TAXES.

When taxes are paid in advance of their accrual, the amount prepaid shall be charged to this account. As the taxes thus prepaid accrue, they shall be credited at quarterly intervals to this account and charged to the appropriate taxes account. This account must not include any so called taxes, like water taxes, drainage taxes, fire taxes, etc., which are payments for special benefits received. Such payments for special benefits, where finally chargeable to operating expenses, must, when prepaid, be charged to the account "Other Prepayments".

322. PREPAID INSURANCE.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As such premiums accrue, they shall be credited at quarterly intervals to this account and charged to the appropriate expense account.

323. PREPAID RENTS.

When rents are paid in advance of the enjoyment of the term, the amount prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As the term is consumed, this account shall be credited at quarterly intervals and the appropriate rent account in the income account shall be charged.

324. OTHER PREPAYMENTS.

When prepayments are made for any other thing than taxes, insurance, and rents, above provided for, such prepayments shall be charged to this account; and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited quarterly to this account and charged to the appropriate expense or income account.

30. Suspense.—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which under the rules of the Public Service Commission may be spread over a period of time, or when any debit made for any other reason may be amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss, or other debit shall, except as herein otherwise directed, be charged to an appropriate account in this group of accounts.

NOTE.—By "amortization" of any charge or credit is meant its gradual extinction. The word is broader than the word "depreciation," since the latter is restricted ordinarily to tangible property. The word "depreciation" also imports more of the idea of fluctuating value and is complicated somewhat with the question of cost of replacement at market prices. Because it is considered unnecessary in connection with the gradual consumption or expiration of life of capital to consider the question of cost of replacement until the replacement is actually made, at which time the cost of replacement is duly charged to the appropriate account, and because provision is necessary for the gradual extinction of certain charges (such as those for some kinds of capital, those for extraordinary casualties, for discount on debt, etc.) to which the term "depreciation" does not well apply, it is considered advisable to use the term "amortization" in connection with the extinction of such charges, and of certain corresponding credits, such as premiums on debt outstanding.

331. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par

value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidences of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to account No. 928, "Amortization of Debt Discount and Expense," in "Income" account. Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to the account "Other Deductions from Surplus".

332. OTHER SUSPENSE.

To this account shall be made all debits not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit".

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

31. *Securities Actually Issued and Later Re-acquired.*—For the case of securities actually issued by the corporation and later re-acquired by it, the following account is provided:

340. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face values to this account.

32. *Debt defined.*—The word *debt*, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt*.

33. *Funded Debt defined.*—*Funded Debt* comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

34. Unfunded Debt defined.—*Unfunded Debt* comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

35. Funded Debt accounts.—Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as e. g., "First Mortgage 5% QF 10, Aug. 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture". "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds".

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page, and account whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

36. Unfunded Debt accounts.—The accounts for unfunded debt are defined as follows:

351. TAXES ACCRUED.

Credit to this account at the close of each quarter the taxes accrued during the quarter, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

352. RECEIVER'S CERTIFICATES.

When any receiver acting under the orders of a competent court is in possession of the property of the corporation and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited quarterly to this account.

353. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties, and the character of the action or suit. Interest accruing upon any such judgment shall be credited quarterly to this account.

NOTE.—In case of appeal and affirmance in whole or in part from which judgment of affirmance a further appeal lies, the same rule shall apply as upon entry of original judgment.

354. INTEREST ACCRUED.

Credit to this account at the close of each quarter the interest accrued during the quarter upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NOTE.—When coupon interest matures it should be transferred from the sub-account "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured". When such interest is paid out of coupon special deposits the sub-account "Coupon Interest Matured" should be charged and the account "Coupon Special Deposits" credited.

355. DIVIDENDS DECLARED.

When any dividend is declared it shall be credited to this account and here remain until it is paid, when it shall be charged to this account and credited to "Cash" or other suitable account.

356. BILLS PAYABLE.

When any note, draft, or other bill payable which matures not later than one year after date of issue (or of demand), or after assumption by the corporation of primary liability thereon, is issued or assumed, the par value thereof shall be credited to this account, and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account.

G357a. CONSUMERS' DEPOSITS — GAS.

Credit to this account, as such deposits are made, all cash deposited with the corporation by consumers as security for the payment of gas bills. Deposits refunded shall be charged to this account and credited to "Cash". Deposits applicable to uncollectible or worthless gas bills shall, at the close of the fiscal year (or earlier, at the option of the accounting corporation), be credited to the account of the consumer involved and debited to this account.

357b. OTHER ACCOUNTS PAYABLE.

Credit to this account when incurred all liabilities of the corporation upon open accounts, except those provided for in the foregoing account "Consumers' Deposits".

358. OTHER UNFUNDED DEBT.

Credit to this account at face value all unfunded debt upon which the corporation is liable and which is not elsewhere provided for.

37. Reserves.—Reserves shall be classified as *Permanent* and *Temporary*.

38. Permanent Reserves defined.—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. Permanent reserves shall be classified into the two classes: *Premiums on Stocks* and *Other Permanent Reserves*.

371. PREMIUMS ON STOCKS.

Premiums on stocks shall be sub-classified with respect to the several classes of stocks, for definitions of which see accounts under the head "Stocks". A sub-account shall be kept for each particular class of stocks, and such sub-accounts shall be severally entitled:

Premiums on Debenture Stocks,

Premiums on First Preferred Stocks,

Premiums on Second Preferred Stocks, etc., and

Premiums on Common Stocks.

When a premium is realized upon an issue of any particular class of stock, such premium shall be credited to the sub-account above provided for such class of stock, and such credit shall remain in such account so long as such stock remains outstanding. By the *premium realized* (as the words are above used) is meant the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value thereof shall be considered the premium realized.

372. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account shall be created for each particular purpose for which a reserve is raised, and the purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

39. Temporary Reserves defined.—By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. Temporary Reserves shall be classified as *Contractual Reserves* and *Non-contractual Reserves*.

40. Contractual Reserves defined.—*Contractual Reserves* are reserves necessitated by contracts of the corporation, as e. g., reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account shall be raised for each particular contractual reserve, and to such account shall be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

41. Non-contractual Reserves defined.—*Non-contractual Reserves* are such temporary reserves as are raised without being required under any contract. Non contractual reserves are divided into *Required* and *Optional*.

42. Required Reserve accounts.— Required reserves are provided for in the following accounts:

374. ACCRUED AMORTIZATION OF CAPITAL.

Credit to this account such amounts as are charged from time to time to "Operating Expenses," or other accounts to cover depreciation of plant and equipment, and other amortization of capital. When any capital is retired from service, the original money cost thereof (estimated if not known, and where estimated, that fact and the facts upon which the estimate is based shall be stated in the entry), less salvage, shall (except as provided in account No. G100, "Fixed Capital, December 31, 1908,") be charged to this account; the amount originally entered or contained in the charges to any capital account in respect of such capital so going out of service shall be credited to such capital account, and any necessary adjusting entry made to the appropriate sub-account under the account "Corporate Surplus or Deficit".

375. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidences of indebtedness and the accrued interest shall be credited to this account. At quarterly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity shall be charged to this account and credited to "Amortization of Premium on Debt" in "Income" account; or at the option of the corporation the charge to this account may be delayed to a time not later than the date of maturity of the debt, in which case the proportion applicable to the period covered by the then current income account shall be credited to the account "Amortization of Premium on Debt," and the remainder of the credit shall be to the account "Other Additions to Surplus".

376. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve shall show the purpose of the reserve, and every subsequent entry with respect to that reserve shall designate the reserve to which it relates.

43. Optional Reserve accounts.— *Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

381. CASUALTIES AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account,

in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualties and Insurance Reserve". Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

382. OTHER OPTIONAL RESERVES.

A sub-account shall be raised for each particular reserve, and its title shall designate the purpose of such reserve and the first entry therein shall express in full such purpose.

44. *Stocks defined.*—By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

45. *Stocks classified.*—Stocks are classified as—

Debenture Stocks,

First Preferred Stocks,

Second Preferred Stocks, etc., and

Common Stocks.

46. *Debenture Stocks defined.*—*Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

47. *First Preferred Stocks defined.*—*First Preferred Stocks* are those which have the first claim upon such dividends as may be distributed. They may be cumulative or noncumulative, participating or nonparticipating. If *cumulative*, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends until satisfied; if *noncumulative*, such amount lapses. If a first preferred stock is *participating*, it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if *nonparticipating*, it is limited to the stipulated rate.

48. *Second Preferred Stocks defined.*—*Second Preferred Stocks* are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or noncumulative, participating or nonparticipating.

49. *Common Stocks defined.*—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

50. *Voting Powers.*—Stocks differ also in regard to the voting powers incident to ownership of them.

51. *Retirement of Stocks.*—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

52. *Separate account required for each class of stocks.*—In the accounts of stocks outstanding, a separate account shall be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they

are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks, and shall be clearly expressed in the first entry in such account. To the account for any class of stocks shall be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other consideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be by him disposed of for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess shall be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

SCHEDULE B.

INCOME ACCOUNT.

1. **Income and Indicant accounts compared.**—A comparison of the balances in the foregoing accounts (Schedule A) at any particular moment will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the *Balance Sheet* or *Indicant* accounts. Their balances indicate the condition of the corporation at any particular time. These accounts with their subsidiary accounts are all that are necessary prior to the time when the corporation becomes what may be called a "going concern".

When a corporation begins operations it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the *Income* account. They are made up usually on a yearly basis and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group.

2. **Divisions of Income account.**—The principal divisions of this group of accounts are the *Revenue* accounts, the *Revenue Deduction* accounts, the *Income Deduction* accounts, and the *Appropriation* accounts.

3. **Revenues defined.**—By *Revenues*, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interests in property). Revenues are classified as *Operating Revenues* and *Non-operating Revenues*.

4. **Operating Revenues defined.**—*Operating Revenues* are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its own operations.

5. **Non-operating Revenues defined.**—*Non-operating Revenues* are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as *Rents*, *Interest*, *Dividends*, and *Miscellaneous*.

6. **Revenue Deductions defined.**—*Revenue Deductions* include *Expenses*, *Taxes*, and *Uncollectible Bills*.

7. **Expenses defined.**—*Expenses* are those outgoes (including capital consumed) necessary to the production of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into *Operating Expenses* and *Non operating Expenses*. *Operating Expenses* are those incident to the operating revenues.

8. **Taxes defined.**—*Taxes* are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. **Uncollectible Bills defined.**—When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity (as *e. g.*, electric energy or gas for light, heat, or power), current accounts or claims against such consumers for such service rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name *Uncollectible Bills*.

10. **Gross Income, Income Deductions, and Net Corporate Income defined.**—Revenues, diminished by expenses, taxes, and uncollectible bills, give an amount called *Gross Income*, which is applicable to corporate and leased properties. Gross income is subject to several compulsory deductions, mostly contractual, like rent, interest, etc., and the remainder after these are made is called *Net Corporate Income*, which being subject only to the discretion of the corporation is most conveniently carried directly to the corporate surplus. The accounts covering the compulsory deductions from gross income, as above defined, are called the *Income Deduction* accounts.

11. **Appropriation accounts defined.**—The accounts covering the yearly changes in the corporate surplus are called the *Appropriation* accounts, since practically all of the matters covered by them are within the discretion of the corporation, although they also include certain adjustments made because of facts of previous years imperfectly accounted for at the time (whether through error or through lack of information), and certain other minor matters like extraordinary expenses not chargeable as deductions from revenues; also such matters as profits on the sale of capital, and profits and losses on the sale of investments.

12. **Definitions of Gas Operating Revenue accounts.**—Credits to the various revenue accounts shall be made upon the basis of bills rendered or of gross prices. Discounts for prompt payment, corrections of overcharges, overcollections theretofore credited and afterward corrected, authorized abatements and allowances, and other corrections and deductions shall be charged to the revenue account to which they relate. In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

431. MUNICIPAL STREET LIGHTING — GAS.¹

Credit to this account all revenues derived from lighting streets for municipal corporations by means of gas, or from supplying gas therefor.

NOTE.—In the foregoing account the word "streets" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

432. LIGHTING MUNICIPAL BUILDINGS — GAS.

Credit to this account all revenues derived from lighting municipal buildings by means of gas, or from gas supplied for such purposes, or for heat or power in municipal buildings where such gas is supplied at lighting rates and is not separately measured.

¹ Charges to this and the following revenue accounts must be made in such wise as to permit their classification in the annual report of the corporation to the Public Service Commission.

433. MUNICIPAL HEAT AND POWER — GAS.

Credit to this account all revenues derived from municipal corporations for gas supplied at special heat or power rates to such corporations for the production of heat and power.

434. MISCELLANEOUS GAS REVENUE — MUNICIPAL.

Credit to this account all revenues derived from supplying gas to municipal corporations and not provided for in the foregoing accounts; also those from the letting of engines and other gas equipment to such corporations.

435. PREPAID GAS.

Credit to this account all revenue derived from the sale of prepaid gas delivered through so-called "prepayment meters".

436. COMMERCIAL METRED LIGHTING — GAS.

Credit to this account all revenues derived from all consumers except municipal corporations for gas measured through ordinary meters and supplied for lighting at lighting rates.

NOTE A.—Where gas flowing through any ordinary meter is used by any other consumer than a municipal corporation for lighting and incidentally for heating or power purposes, the revenues derived therefrom shall be credited to this account.

NOTE B.—This account does not include gas sold or supplied to other gas corporations for distribution; for such gas, see account No. 438, "Other Gas Corporations".

437. COMMERCIAL HEAT AND POWER — GAS.

Credit to this account all revenues derived from all consumers except municipal corporations for gas supplied for heat or power at special heat or power rates.

NOTE.—This account does not include gas sold or supplied to other gas corporations for distribution; for such gas, see account No. 438, "Other Gas Corporations".

438. OTHER GAS CORPORATIONS.

Credit to this account all revenues derived from gas sold or supplied to other gas corporations to be by them distributed through their own pipes to consumers. If any portion of such gas is incidentally consumed by such corporations for their own benefit, whether for light, heat, or power, it shall be included herein, if not separately measured, or if included under the same contract with that which is distributed by them to consumers.

439. COMMISSIONS ON OTHERS' GAS.

Credit to this account all revenue accruing to the corporation for distributing gas of other companies through its pipes and selling the same, and for all other services performed in connection therewith.

NOTE.—In case the corporation distributes through its pipes the gas of another company, the corporation shall charge "Cash" or the appropriate sub-account (or accounts) under "Accounts Receivable" with the value of the gas of such other company supplied by the corporation to consumers, and shall enter a corresponding credit to a clearing account "Gas Supplied by (blank) Company and distributed by this Corporation," [or, "by (blank)."] naming the corporation keeping the account] which account shall be cleared quarterly by charging to such clearing account the amount necessary to balance, and crediting to the account "Commissions on Others' Gas" the corporation's proportion of the total revenue, and to the account of the company supplying such gas to the corporation that company's proportion of such total revenue.

440. MISCELLANEOUS GAS REVENUE — COMMERCIAL.

Credit and charge to this account in accordance with the directions given under the following heads:

RENT OF GAS APPLIANCES: Under this head credit to this account all revenues derived from the letting of gas engines, heating appliances, lamps, and other gas apparatus and appliances (except meters) to others than municipal corporations. Where the contract of letting names only a single consideration for both the letting and the maintenance of the appliances so let, the entire revenue shall be included in this account.

GAS MERCHANDISE AND JOBBING REVENUE: Under this head credit to this account all receipts from the sale of gas merchandise and from gas jobbing. Charge under this head the cost to the accounting corporation of gas merchandise sold, such cost including transportation charges paid on such goods.

Also credit under this head the profit or commission accruing to the corporation on all jobbing work performed by it as agent under agency contracts, whereunder it undertakes to do jobbing work for another for a stipulated profit or commission upon its actual expense for labor, materials, and supplies.

NOTE.—This head does not include receipts from the sale of superseded equipment, or of junk or other scrap or salvage.

SALE OF RESIDUALS AND BYPRODUCTS: Under this head credit to this account all revenue derived from the sale of residuals and byproducts.

This account shall be so kept as to enable the corporation to show in its annual report to the Public Service Commission the amounts of revenue derived from the following sources:

- Sale of Gas Coke,*
- Sale of Coal-gas Tar,*
- Sale of Water-gas Tar,*
- Sale of Ammoniacal Liquor,*
- Sale of Other Residuals and Byproducts.*

NOTE A.—The amount of revenue from the sale of any residual or byproduct shall be determined by the price received at the point of delivery to the purchaser, and any expense incurred by the corporation in effecting delivery shall be charged to the appropriate operating expense account.

NOTE B.—Residuals and byproducts consumed by the corporation shall not be credited under the head "Sale of Residuals and Byproducts," nor shall they be credited to any revenue account whatever.

JOINT GAS RENT REVENUE: When any corporation engages in gas operations for the production of some of its product for the benefit of another or others under an arrangement for apportioning the expense upon the basis of the relative amounts of benefit to the several participants in the arrangement, if such arrangement provides for the receipt by the corporation of any profit or return upon its property, such profit or return upon property shall, as it accrues, be credited to this account under this head quarterly. Such profit or return must be over and above any provision for wear and tear and depreciation of plant involved in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

OTHER MISCELLANEOUS GAS REVENUE: Under this head credit to this account all revenues derived from others than municipal corporations for the supply of gas and from other gas operations not includible in any of the foregoing accounts or under any of the preceding heads.

NOTE.—In its annual reports to the Public Service Commission the reporting corporation will be required to analyze the credits and debits to this account.

13. Revenue from Outside Operations.—The detailed revenue accounts for operations other than the above mentioned will be provided for elsewhere.

14. Operating Expenses defined.—By the *operating expenses* of a corporation are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of the commodities produced, and to the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived are excluded from operating expenses.

15. Definitions of certain terms used in connection with expense accounts.—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

16. Definitions of Gas Operating Expense accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

GENERAL ACCOUNTS.

- I. Production Expenses.
- II. Transmission and Distribution Expenses.
- III. Municipal Street Lighting Expenses.
- IV. Commercial Expenses.
- V. General and Miscellaneous Expenses.

I. PRODUCTION EXPENSES.

NOTE.—In case the accounting corporation operates two or more separate and distinct plants for the production of gas, it will be required to keep (with the detail herein prescribed) separate accounts covering production at the several plants. In case the circumstances of any corporation make it impracticable to allocate the cost of its labor among the accounts below prescribed, it should petition the Public

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Service Commission for permission to consolidate two or more of them. Such application must set out in full the facts which in the judgment of the petitioner make such allocation impracticable.

601. WORKS SUPERINTENDENCE AND LABOR.

Charge to this account all matters provided for under the following heads:

WORKS SUPERINTENDENCE: This head includes the cost of labor of the engineer in charge of works and his assistants, also day and night foremen and station clerks.

BOILER HOUSE LABOR: This head includes the cost of labor employed in weighing and handling coal, coke, and breeze from place of storage to boilers; labor employed in operating boilers and engines (including such labor as that of shovellers, weighers, boiler firemen and engineers, and oilers); and labor employed in pumping oil tar from generators through separators to storage tanks, and from storage tanks to boilers; also such labor as that of pump house men.

RETORT HOUSE LABOR: This head includes the cost of labor employed in firing benches, charging and re-charging retorts, patching and scurfing retorts, cleaning pipes and lids, quenching and handling coke used under benches, and handling coal from place of storage to retort house. This includes such labor as that of foremen, firemen, furnacemen, retort and boiler tenders, patchers, pipemen, lid cleaners, coke quenchers, guymen, riggers, shovellers, and wheelers.

GENERATOR HOUSE LABOR: This head includes the cost of labor employed in weighing and handling coal and coke from place of storage to charging floor, and in operating, firing, clinkering, and cleaning generators. This includes such labor as that of shovellers, weighers, pumpers, generator firemen, and runners.

PURIFIER HOUSE LABOR: This head includes the cost of labor employed in changing purifier boxes, revivifying oxide, and removing spent oxide to refuse pile. This includes such labor as that of foremen and laborers.

MISCELLANEOUS LABOR AT WORKS: This head includes the cost of general labor in and about the works not specifically engaged in the manufacture of gas, such as that of watchmen, janitors, and messengers, laborers employed in cleaning up yards, removing snow, and cleaning out refuse pile.

602. BOILER FUEL.

Charge to this account the cost (in storage pile) of fuel used under boilers. This includes cost of fuel used, freight, demurrage charges, and labor and cartage in discharging and transferring fuel from point of shipper's delivery to place of storage.

NORM.—If boiler fuel is delivered from point of shipper's delivery to boilers by other than boiler house labor, cost of such labor should be added to cost of fuel.

603. WATER.

Charge to this account the cost of water used for gas production.

604a. FUEL UNDER RETORTS.

Charge to this account the cost (in storage pile) of fuel used under retorts. This includes cost of fuel used, freight, demurrage charges, and labor and cartage employed in discharging and transferring fuel from point of shipper's delivery to storage pile.

NORM.—If fuel is delivered from storage to retort house by other than retort house labor, cost of such labor should be added to cost of fuel.

604b. COAL CARBONIZED.

Charge to this account the cost (in storage pile) of gas coal used in retorts. This includes invoice cost of coal used, freight, demurrage charges, and labor and cartage employed in discharging and transferring coal from point of shipper's delivery to storage pile.

NORM.— If coal is delivered from storage to retort house by other than retort house labor, cost of such labor should be added to cost of coal.

605. COAL GAS ENRICHER.

Charge to this account the cost (in storage) of enricher materials used in enriching coal gas. This includes cost of enricher used, freight, demurrage charges, and labor and cartage employed in transferring enricher from point of shipper's delivery to storage.

606. GENERATOR FUEL.

Charge to this account the cost (in storage pile) of fuel used in generators. This includes invoice cost of fuel used, freight, demurrage charges, and labor and cartage employed in discharging and transferring fuel from point of shipper's delivery to storage pile.

NORM.— If generator fuel is delivered from storage to generator house by other than generator house labor, cost of such labor should be added to cost of generator fuel.

607. WATER GAS OIL.

Charge to this account the cost (in storage tanks) of gas oil or naphtha used in making water gas. This includes invoice cost of oil used, freight, demurrage charges, and labor and cartage employed in getting oil from point of shipper's delivery to storage tanks.

608. PURIFICATION SUPPLIES.

Charge to this account the cost of material used in gas purification. This includes the average cost of oxide actually used (the invoice cost and freight, plus shavings, plus labor and cartage necessary to store it, plus the cost of mixing it), and the invoice cost of lime actually used.

609. MISCELLANEOUS WORKS EXPENSE.

Charge to this account the cost of sundry supplies and expenses in connection with the works not includible in other accounts. This includes lubricating oil, waste and packing, and other small materials of like nature used in gas production; also incidental items, such as telephone, ice, brooms, mops, kerosene, soap, towels, and similar expenses.

610. REPAIRS OF WORKS AND STATION STRUCTURES.

Charge to this account the cost of all repairs of works and station structures, including permanent piers and other foundations. Such structures include retort houses, generator houses, purifier houses, engine houses, boiler houses, meter houses, coal sheds, coke sheds, tar houses and wells, oil tanks, and other structures for storage of fuel to be consumed or carbonized in the production of gas and the operations auxiliary thereto; structures for residuals and byproducts; appurtenant walks, fences, drives, tramways, trestles, etc., and all fixtures permanently attached to such structures and made a part thereof; also all buildings, holder houses, and other structures at outlying holder stations, except the holders and their appurtenances.

NORM.— Repairs of short-lived and specially provided foundations and settings for furnaces and boilers, steam engines, gas engines, pumps, generators, benches, condensers, washers, scrubbers, purifiers, etc., shall not be included herein. Such

foundations and settings and the apparatus and machinery to which they pertain are not intended to be included under the term fixtures as above used. Nor shall repairs of gas holders be included in this account.

GC508. REPAIRS OF POWER PLANT EQUIPMENT.

Charge to this account all matters provided for under the following heads:

REPAIRS OF FURNACES, BOILERS, AND ACCESSORIES: This head includes the cost of repairing all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in producing gas and in furnishing motive power in gas works and stations. This covers boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances. It also covers mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators; and pipes for conducting steam from the boiler to the engine, to condensers, or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

REPAIRS OF STEAM ENGINES: This head includes the cost of repairing all steam engines devoted to use as prime movers in gas works, including the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), includes the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe.

REPAIRS OF GAS ENGINES: This head includes the cost of repairing all gas engines devoted to use as prime movers in gas works and stations, including the specially provided foundations and settings of such engines. The engine includes the inlet valve, governor, and ignition and starting apparatus, but not the pipe leading from the gas holder, nor the exhaust pipe.

REPAIRS OF MISCELLANEOUS POWER PLANT EQUIPMENT: This head includes the cost of repairing all miscellaneous power plant equipment at gas works which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the apparatus operated, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

NOTE.—Charges to this account must be made in such manner as to permit their analysis in accordance with the foregoing heads.

GC611. REPAIRS OF GAS APPARATUS.

Charge to this account all matters provided for under the following heads:

REPAIRS OF BENCHES AND RETORTS: This head includes the cost of all repairs of benches, including the retorts and their settings, and auxiliary piping, including ascension pipes, and foul and hydraulic mains.

REPAIRS OF WATER GAS SETS AND ACCESSORIES: This head includes the cost of repairing all water gas generators and accessories devoted to the production of gas, the specially provided foundations and settings for such water gas sets, and the flues leading therefrom to smokestacks and chimneys. This covers not only generators, carbureters, superheaters, seals, and piping connected therewith, but also blast apparatus, oil and steam supplying apparatus, oil heaters, etc. It does not include pipes whose primary purpose is the warming of buildings.

REPAIRS OF PURIFICATION APPARATUS: This head includes the cost of all repairs of the apparatus for purifying gas, including condensers, washers, scrubbers, purifiers, tar extractors, etc., and their specially provided foundations and settings.

REPAIRS OF HOLDERS: This head includes the cost of all repairs of gas holders and appurtenances at works and of those at district stations.

NOTE.—Repairs of holder bonnings shall be charged to account No. 610, "Repairs of Works and Station Structures".

REPAIRS OF MISCELLANEOUS EQUIPMENT: This head includes the cost of repairing all accessory equipment and apparatus used in the production and storage of gas not specifically provided for in the foregoing accounts, including repairs of exhausters, station meters, governors, etc.; apparatus for charging retorts; conveyors for disposing of coke and other products and residuals; tar and ammonia apparatus, pumps, pipes, tanks, etc.

NOTE.—Charges to this account must be made in such manner as to permit their analysis in accordance with the foregoing heads.

615. REPAIRS OF WORKS TOOLS.

Charge to this account the cost of repairing such tools and implements used in the production and storage of gas as have been capitalized.

616. GAS STORAGE.

Charge to this account the cost of labor and material (except repairs) employed in storing and regulating the flow of gas to distributing mains by holder pressure. This includes labor of firemen, engineers, valvemen, and superintendents when engaged on gas storage; and cost of coal, coke, water, and incidentals.

617. GAS FROM OTHER SOURCES.

Charge to this account the cash purchase price of gas bought from other companies for distribution through the system of the accounting corporation; also the corporation's proportion of the cost of production (including maintenance, but not including any pure rent or return upon the value of property employed) of gas produced by another concern for the use of the corporation under any joint arrangement for the sharing of expense upon the basis of the relative amounts of benefit to the several participants.

II. TRANSMISSION AND DISTRIBUTION EXPENSES.

631. TRANSMISSION PUMPING.

Charge to this account the cost of pumping gas through mains to the distribution system, including inspection and regulation of booster governors.

NOTE.—In gas operations, when gas is delivered to the supply system outside the works at substantially works pressure, the pipe system, including mains, feeders, and services (and supply pipes to outlying holders, if any), shall all be classed in the distribution system. When the pressure is raised by means of boosters and the gas is delivered to the pipes at higher than works pressure, and is later reduced in pressure and delivered to the distribution system proper, that portion of the pipe system used for conducting gas at the raised pressure shall be classed as the transmission system.

632. DISTRIBUTION SUPERINTENDENCE, SUPPLIES, AND EXPENSES.

Charge to this account all matters provided for under the following heads:

DISTRIBUTION SUPERINTENDENCE: This head includes the cost of all labor employed in superintending the operation of the street department, fitting and repair shops, including the salaries of superintendents, foremen, clerks, timekeepers, messengers, watchmen, and janitors employed in the distribution department.

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DISTRIBUTION SUPPLIES AND EXPENSES: This head includes the cost of office maintenance and incidental expenses of the street and shop departments, including light, heat, telephone, water, ice, etc.

NOTE.—When the distribution office is combined with the works office or commercial office, charges like rent, light, etc., should be divided between them in a fixed ratio, based upon the relative amounts of use.

634. WORK ON METERS AND CONSUMERS' PREMISES.

Charge and credit to this account in accordance with the following directions:

GAS METER AND INSTALLATION WORK: Under this head charge the cost of labor employed and material used in locking and unlocking meters, building inspection, pumping drip, cleaning service or house pipe with pump; setting, removing, re-setting and changing position of meters; and temporary repairs of leaks in house piping.

WORK ON CONSUMERS' PREMISES: Charge to this account under this head the cost of installing gas stoves and other appliances on the premises of consumers, and of work done for consumers in maintaining the efficiency of their service, including complaint work and other work done in houses beyond the end of the meter outlet connection. This includes the cost of adjusting or changing location of house pipes, gas burners, fixtures, stoves and appliances, and the cost of new pillars, tips, burners, or devices not chargeable to repair accounts; it does not include such installation expense items as are provided for under the preceding head.

Credit to this account under this head the cost element of receipts for jobbing work which the accounting corporation has performed as agent under agency contracts.

NOTE A.—Any profit or commission accruing to the corporation on jobbing work performed as agent shall be credited to account No. 441 "Gas Merchandise and Jobbing Revenue"; to that account shall also be credited all receipts from gas jobbing not done under agency contracts.

NOTE B.—Credits and debits to this account must be analyzed in annual reports to the Public Service Commission.

635. REPAIRS OF GAS MAINS AND SERVICES.

Charge to this account all matters provided for under the following heads:

REPAIRS OF GAS MAINS: This head includes the cost of labor and material employed in repairing mains, including labor of foremen, inspectors, caulkers, tappers, pavers, drillers, skilled laborers, general laborers, and similar workers on street department payrolls, while engaged in repairing, altering, overhauling, changing position of or removing street mains; protecting exposed or undermined mains, searching for and repairing leaks in mains, and paving over any of the above work; also material and cartage in connection with the above work.

NOTE.—This account must be so kept as to enable the corporation to show separately in its annual report to the Public Service Commission the cost of repairing trunk lines and mains used for transmission of gas, and the cost of repairing those used for distribution.

In gas operations, when gas is delivered to the supply system outside the works at substantially works pressure, the pipe system, including mains, feeders, and services (and supply pipes to outlying holders, if any), shall all be classed in the distribution system. When the pressure is raised by means of boosters and the gas is delivered to the pipes at higher than works pressure, and is later reduced in pressure and delivered to the distribution system proper, that portion of the pipe system used for conducting gas at the raised pressure shall be classed as the transmission system.

REPAIRS OF GAS SERVICES: This head includes the cost of labor and material employed in repairing services, including the same classes of labor as shown under the preceding head, "Repairs of Gas Mains," while engaged in repairing, altering, removing, relaying, cutting off, increasing the size of and changing the position of services; searching for and repairing leaks in services; and paving over any of the above work; also material and cartage in connection with the work shown above.

637. REPAIRS OF GAS METERS.

Charge to this account the cost of testing and repairing consumers' meters.

638. REPAIRS OF DISTRIBUTION TOOLS.

Charge to this account the cost of sharpening and repairing such tools and implements as have been charged to capital accounts and are used in the street department and the fitting and repair shops.

639. REPAIRS OF GAS APPLIANCES.

Charge to this account the cost of repairs of gas lamps, stoves, engines, and other appliances owned by the corporation and rented to consumers.

III. MUNICIPAL STREET LIGHTING EXPENSES.

640. STREET LAMP OPERATION AND REPAIRS.

Charge to this account all matters provided for under the following heads:

STREET LAMP OPERATING: This head includes the cost of labor employed in cleaning and lighting street lamps, and extinguishing street lights; in inspecting and supervising the street lighting district; in reporting on re-lights and discontinues, and watching the hours of lighting and extinguishing; and the incidental expenses of street lamp operating.

STREET LAMP REPAIRS: This head includes the cost of labor and material consumed in fitting up new lamp posts, re-fitting standpipes, cleaning services, cutting off services, re-caulking columns, removing posts, re-setting posts, re-fitting columns, straightening posts, and all other work of a similar character necessary to maintain the street lighting system to the degree of efficiency required by the city; also re-paving over openings made necessary by such work.

IV. COMMERCIAL EXPENSES.

G550. COMMERCIAL EXPENSES — GAS.

Charge to this account all matters provided for under the following heads:

COMMERCIAL ADMINISTRATION — GAS: This head includes —

a. *Commercial Department General Labor:* The cost of labor of superintendents and assistants, chief clerks, stenographers, general clerks, high bill clerks, switchboard operators, messengers, janitors, and watchmen employed in the commercial department.

b. *Commercial Department Accounting:* The cost of labor of bookkeepers and clerks employed on consumers' accounts.

c. *Commercial Department Contracts:* The cost of labor of clerks and other employees in the application or contract bureau.

d. *Commercial Department Collecting:* The cost of labor of regular and prepayment collectors.

e. *Meter Reading:* The cost of labor of meter readers.

f. *Commercial Office Supplies and Expenses:* The cost of supplies and the incidental expenses of the commercial office.

PROMOTION OFFICE EXPENSE—GAS: This head includes—

g. Promotion Management: The cost of administration of the department maintained for the promotion or development of gas consumption, including that portion of the salaries and expenses of management and clerks in agency and contract departments assignable to new business.

h. Demonstrations: The cost of labor employed and expenses incurred in exhibiting and demonstrating the use of gas appliances for the purpose of obtaining new business.

i. Other Promotion Office Expense: The office expenses of the promotion or new business department.

ADVERTISING—GAS: This head includes—

j. Advertising Salaries and Expenses: The salaries and personal expenses of the advertising manager and clerks.

k. Advertising Sundries: The cost of commercial advertising sundries, including booklets, dodgers, newspaper advertisements, posters, bulletins, and all related items.

NOTE.—This head does not include the expense of advertising residuals, such being chargeable to the proper residual expense account.

CANVASSING AND SOLICITING—GAS: This head includes all expenses incurred in soliciting new business, including wages, commissions, and personal expenses of canvassers, cost of preparing estimates, engineering advice on gas installation, etc., and office sundries in connection therewith.

NOTE.—Charges to this account must be made in such manner as to permit their analysis in accordance with the prescribed heads.

V. GENERAL AND MISCELLANEOUS EXPENSES.

G631. GENERAL ADMINISTRATION.

Charge to this account all matters provided for under the following heads:

SALARIES OF GENERAL OFFICERS: This head includes the salaries of the chairman of the board, president, vice president, treasurer, secretary, comptroller, general auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system and whose services can not be satisfactorily allocated to the several departments.

SALARIES OF GENERAL OFFICE CLERKS: This head includes the salaries and wages of general office auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, and all other clerks employed in the general office.

NOTE.—Cost of labor of clerks in the commercial department shall be charged to account No. G650, "Commercial Expenses—Gas," under the head of "Commercial Administration—Gas".

GENERAL OFFICE SUPPLIES AND INCIDENTAL EXPENSES: This head includes the cost of office supplies, repairs of office furniture, and renewals of such furniture as has not been capitalized; wages of janitors, porters, and messengers; rent of rooms in office buildings and repairs of such rented rooms; traveling and incidental expenses of general officers and other general office employees; and all other miscellaneous expenses of general offices. Office expenses of departmental officers must be charged to the proper departmental accounts.

NOTE A.—Rents charged under this head will be required to be reported separately.

NOTE B.—This head does not include cost of telegrams or of telephone service.

GENERAL LAW EXPENSES: This head includes all law expenses except those incurred in the defense and settlement of damage claims. This includes

salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs, and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work, should be properly apportioned between this account and account No. G847, "Injuries to Persons and Property," under the head of "Law Expenses Connected with Damages".

MISCELLANEOUS GENERAL EXPENSES: This head includes the cost of telephone service, telegrams, and other miscellaneous expenses connected with the general management not otherwise provided for.

G838. INSURANCE.

Charge to this account premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

NOTE.—In their reports to the Public Service Commission corporations will be required to report the charges made to this account for the various kinds of insurance, and for self-insurance.

G839. RELIEF DEPARTMENT AND PENSIONS.

Charge to this account all matters provided for under the following heads:

RELIEF DEPARTMENT EXPENSES: This head includes all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

PENSIONS: This head includes all pensions paid to retired employees, and expenses in connection therewith.

G840. GAS FRANCHISE REQUIREMENTS.

Charge to this account the cost of all gas and other materials and supplies furnished to municipal corporations in compliance with franchise requirements and for which no payment is received by the corporation; also of all direct expense, such as paving and other like matters, incurred in compliance with such requirements and for which no reimbursement is received by the corporation. Amounts charged to this account for which there is no direct money outlay shall be credited to the below provided account No. G852, "Miscellaneous Adjustments—Balance," under the head of "Duplicate Gas Charges—Cr."

G841. RESIDUALS EXPENSE.

Charge to this account all expense specially incurred in connection with the utilization and sale of residuals and byproducts, such as coke, tar, ammonia, carbon, and other residuals and byproducts, etc.

NOTE.—Charges to this account must be made in such wise as to enable the corporation to show separately the following matters:

a. *Coke expense*, including the cost of all labor and supplies specially consumed and expense specially incurred in the disposal of coke over and above what would be necessitated by such disposition if the coke were not sold. This includes the cost of any special preparation of the coke for sale and the cost of hauling such coke to points of delivery.

b. *Tar expense*, including the cost of all labor and supplies specially consumed and all expense specially incurred in the disposition of tar over and above the expense that would be involved if such tar were consumed by the corporation. If both coal gas and water gas are manufactured, and the resulting tars are separately disposed of, the tar expense shall be stated for each.

c. *Ammonia expense*, including the cost of all labor and supplies specially consumed and all expense specially incurred in the preparation and sale of ammonia or ammoniacal liquor over and above what would be involved if such liquor were consumed or wasted by the corporation.

d. *Other residuals and byproducts expense*, including the cost of all labor and supplies specially consumed and expense specially incurred in the preparation and disposition of other residuals and byproducts than those provided for under the foregoing three heads, over and above what would be involved if such residuals and byproducts were consumed by the corporation or wasted.

G842. GENERAL AMORTIZATION — GAS.

Charge to this account quarterly the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the quarter-year in the tangible gas capital of the corporation, such portion of the life of intangible fixed capital as has expired or been consumed during the quarter, and the amount estimated to be necessary to provide a reserve to cover the cost of property destroyed by extraordinary casualties; less the amounts charged for that month to the various repair accounts in Gas Operating Expenses. The amount charged (or credited) to this account shall be concurrently credited (or charged) to the reserve account No. 374, "Accrued Amortization of Capital".

NORM A.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any quarter shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of amount of gas sold. Amortization of intangible capital shall likewise be based on rule. Whatever may be its basis, such rules and a sworn statement of the facts and expert opinions and estimates upon which they are based shall be filed with the Public Service Commission on or before February 1, 1909; each amendment of any such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be effective. Such rules and statements shall be filed upon sheets 9½ inches by 12 inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Amortization of Capital".

NORM B.—When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in account No. G100, "Fixed Capital, December 31, 1908,") the original money cost of such capital, less salvage, if any, shall be charged to the reserve account, "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit". Where capital is substantially continuous and can not be satisfactorily individualized, it shall be kept in efficient operating condition through repair, and the renewals and replacements of parts thereof shall be considered repairs. In the case of buildings, towers, bridges, trestles, and other separate structures capable of being readily individualized, charges to this account must be sufficient to provide (in respect of such capital and except as provided in account No. G100, "Fixed Capital, December 31, 1908,") in the account "Accrued Amortization of Capital" by the time such structures go out of service a reserve equal to the original money cost thereof, less salvage, to which account such original cost, less salvage, shall be charged.

G847. INJURIES TO PERSONS AND PROPERTY.

Charge to this account all matters provided for under the following heads:

ACCIDENTS AND DAMAGES: This head includes all expenses (other than law expenses provided for under the succeeding head) on account of persons killed or injured and property damaged in connection with the operation of the plant, as below classified; these classes must be separately shown in annual reports to the Public Service Commission:

a. Claim Department Expenses: Salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

b. Medical Expenses: Salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

c. Injuries to Employees: Amounts paid in settlement of claims of employees for injuries arising in the course of their employment; also wages paid to disabled employees while off duty.

d. Other Personal Injuries and Property Damage: Amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the plant, and amounts paid in settlement of claims for damage to property not owned by the accounting corporation.

e. Other Accident Expenses.

NOTE.—If it is desired that the charge to operating expenses on account of accidents and damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

LAW EXPENSES CONNECTED WITH DAMAGES: This head includes all law expenses in connection with the defense or settlement of damage claims, classified as follows:

f. Salaries and Expenses of Attorneys: A proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work.

g. Court Costs and Expenses: Fees of court stenographers, expenses connected with taking depositions, and other court expenses.

h. Law Printing: Cost of law books, and cost of printing briefs, court records, and similar papers.

NOTE A.—In their annual reports to the Public Service Commission corporations will be required to classify these matters under the three heads, (f), (g), and (h), above given.

NOTE B.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and account No. G831, "General Administration," under the head of "General Law Expenses".

NOTE C.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged shall be credited to account No. 381, "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

G848. GENERAL STATIONERY AND PRINTING.

Charge to this account all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing briefs and other legal papers shall be charged to account No. G831, "General Administration" (under the head of "General Law Expenses"), or G847, "Injuries to Persons and Property" (under the head of "Law Expenses Connected with Damages"), in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter shall be charged to account No. G650, "Commercial Expenses—Gas," under the head of "Advertising—Gas".

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized, shall, if for use in general offices, be charged to account No. G831, "General Administration," under the head of "General Office Supplies and Incidental Expenses"; or if for the use of departmental officers, to the proper departmental accounts.

G849. STOREROOM AND STABLE EXPENSES.

Charge to this account all matters provided for under the following heads:

STOREROOM EXPENSES: This head includes all salaries and expenses in connection with storerooms, including cost of sending materials and supplies from general storerooms to branch storerooms, and the collection of scrap material.

STABLE EXPENSES: This head includes the cost of feed, keep, and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses; also the cost of repairing harness and vehicles.

NORM.—The cost of horses purchased to replace others should be charged to account No. G122, "General Equipment".

GC852. MISCELLANEOUS ADJUSTMENTS — BALANCE.

Charge or credit to this account in accordance with the following directions:

INVENTORY ADJUSTMENTS — BALANCE: At least once a year an inventory of materials and supplies shall be taken, and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account under this head in case it can not be assigned to a specific account.

DISCOUNTS ON MATERIALS AND SUPPLIES — CR.: Credit to this account under this head all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NORM.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to account No. G285, "Miscellaneous Construction Expenditures".

DUPLICATE GAS CHARGES — CR.: Credit to this account under this head all charges made to any accounts in gas operating expenses in respect of any gas or other product of gas operations of the corporation consumed therein.

GAS EXPENSES TRANSFERRED — CR.: Credit to this account under this head the proportion of operating expenses (including depreciation and other amortization as well as repairs) chargeable to other coordinate departments (such as electric or street railroad) within the same corporation, but defrayed in the first instance by the gas department.

NORM.—Do not credit to this account any allowance in the nature of rent or return upon the cost or value of property.

JOINT OPERATING EXPENSE — CR.: When any plant or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the operating expenses, the portion of such expenses chargeable to others under the arrangement shall be credited to this account under this head quarterly. The portion so credited must not include any allowance for profit or return upon the value of such property.

NORM A.—The foregoing should be read in connection with the definition of revenue account No. C440, "Miscellaneous Gas Revenue — Commercial," under the head of "Joint Gas Rent Revenue".

NOTE B.—In the case of the production of gas part of which is transferred to another, if the arrangement under which such production occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to the appropriate revenue account covering the sale of gas. (See account No. 428, "Other Gas Corporations".)

17. Expenses of Outside Operations.—The detailed expense accounts for other than gas operations will be elsewhere provided for.

18. Tax accounts.—An account shall be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account shall be appropriately entitled (as e. g., "Taxes Assignable to Gas Operations," "Taxes Assignable to Non-operating Revenues," etc.), and shall be so kept as to show separately the following:

State Franchise Tax on Capital Stock,
State Franchise Tax on Gross Earnings,
Special Franchise Tax,
Taxes on Land (exclusive of improvements),
Taxes on Improvements on Lands,
Taxes on Personal Property,
Other Taxes (showing in detail).

To each tax account there shall be charged quarterly the amount of taxes accruing during the quarter, and such amount shall be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any quarter shall, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter shall be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be \$600 for the year, the quarterly charge on account of such tax should be \$150 until the amount of the levy becomes known. If during, say the third quarter, it is found that the levy for the year is \$640, there will already have been charged up two quarters at \$150 per quarter, leaving \$340 to be charged during the remainder of the year, or \$170 for each of the two quarters during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Public Service Commission.

19. Uncollectible Bills.—For uncollectible gas bills the following account is provided:

G870. UNCOLLECTIBLE GAS BILLS.

When, after a reasonably diligent effort to collect, any account stated for gas sold has proved impracticable of collection, it shall be charged to this account and credited to the account receivable in which theretofore charged.

20. Definitions of Non-operating Revenue accounts.—For non-operating revenues the following account is provided:

E900. NON-OPERATING REVENUES.

Credit to this account all matters provided for under the following heads:

RENT ACCRUED FROM LEASE OF GAS PLANT: This head includes all revenues accruing to the corporation from its interests in gas plant or equipment

held by others under some form of lease whereby it surrenders possession of such property.

NORM.—This sub-account contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor (or its assignee), such taxes shall be charged to this sub-account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

MISCELLANEOUS RENT REVENUES: This head includes all miscellaneous rent revenues accruing to the corporation as a return upon leased property other than gas plant and equipment. This contemplates that where the entire term for which the property is let out is greater than one year the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor (or its assignee), such taxes shall be charged to this sub-account and not to any of the lessor's tax accounts, nor to any of its expense accounts. It contemplates, on the other hand, that where the entire term for which the property is let out does not exceed one year the taxes on the property shall be paid by the landlord and charged to the appropriate tax account. If under the contract covering the holding for terms of one year or less, or at will, the taxes are to be paid by the tenant, the amount of such taxes shall be credited quarterly to this sub-account as they accrue, and shall correspondingly be charged to the tax account covering taxes on property of this character.

NORM.—Entries in this sub-account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

INTEREST REVENUES: This head includes—

a. *Interest from Investments:* All interest accruing to the corporation upon such of its interest-bearing investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

b. *Interest from Other Sources:* All interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the foregoing sub-head, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

NORM.—Entries in this sub-account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

DIVIDEND REVENUES: Under this head credit to this account at their cash value, and as of the date when collectible, all dividends declared by solvent concerns upon stocks held by the corporation among its investments.

PROFITS FROM OPERATIONS OF OTHERS: Whenever, in accordance with the terms of any contract, the corporation is entitled to participate in the profits resulting from the operations of others, all revenues accruing to the corporation from such source shall be credited to this account under this head.

NORM.—This head does not include any dividends on stocks. Such dividends should be credited under the preceding head, "Dividend Revenues".

MISCELLANEOUS NON-OPERATING REVENUES: Under this head credit to this account all non-operating revenues accruing to the corporation and not provided for under any of the foregoing heads.

21. **Definition of Non-operating Revenue Deductions account.**—For non-operating revenue deductions the following account is provided:

GO10. NON-OPERATING REVENUE DEDUCTIONS.

Charge to this account all matters provided for under the following sub-accounts:

a. RENT EXPENSE: This sub-account includes all expense arising in connection with the procuring of revenues from property let out to others, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such property. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This sub-account includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as reparable wear and tear. It does not include taxes.

b. INTEREST EXPENSE: This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

c. DIVIDEND EXPENSE: This sub-account includes all expense arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

d. OTHERS' OPERATIONS EXPENSE: This sub-account includes the cost of negotiating contracts whereunder the corporation is to participate in profits resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

e. MISCELLANEOUS NON-OPERATING EXPENSE: This sub-account includes all non-operating expense (as hereinbefore defined) which is not provided for in the foregoing sub-accounts.

f. NON-OPERATING TAXES: This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

g. UNCOLLECTIBLE NON-OPERATING REVENUES: When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof shall be credited to the account in which theretofore charged, and charged to this sub-account.

NOTE.—In annual reports of corporations to the Public Service Commission this account will be required to be fully analyzed.

12. Income Deductions.—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by the operating expenses, the taxes, and the uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly for the non-operating revenues, the non-operating expenses, and the non-operating taxes.

The aggregate of the incomes from the several operations and the non-operating income is the gross income applicable to corporate and leased properties. As has before been said, the gross income is, in the usual case, subject to various compulsory deductions, and these are hereinafter called *Income Deductions*.

23. Definitions of Income Deduction accounts.—In the following definitions the letters and numbers prefixed to the titles of the several accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

921. INTEREST DEDUCTIONS.

Charge to this account quarterly (or as otherwise below directed) all matters provided for under the following five heads:

Absolute Interest Accrued on Funded Debt: This head includes all interest accruing absolutely on the outstanding funded debt of the corporation.

Contingent Interest Accrued on Funded Debt: This head includes, when the contingency occurs, all interest accruing contingently on the outstanding funded debt of the corporation. This includes such matters as interest on income bonds.

Interest Accrued on Receiver's Certificates: This head includes all interest accruing on receiver's certificates which are liens upon the property of the corporation or any part of it.

Interest Accrued on Other Unfunded Debt: This head includes all interest accruing on all unfunded debt of the corporation except receiver's certificates.

Interest Accrued on Debenture Stocks: This head includes all interest accruing on the outstanding debenture stocks of the corporation.

NOTE.—Entries in the account "Interest Deductions" must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

G922. RENT DEDUCTIONS.

Charge to this account quarterly all matters provided for under the following heads:

b. RENT FOR LEASE OF OTHER GAS PLANT: This head includes all amounts accrued against the accounting corporation for rent of gas plant and equipment which it holds under some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such plant and equipment shall not be charged to this sub-account but to the appropriate Taxes account. If such taxes are (under the contract of lease) payable by the lessor or reversioner, they shall be credited to this sub-account and charged to the appropriate Taxes account. Such taxes, when paid by the lessor or reversioner, shall be charged to its rent revenue account and not to its Taxes account, to the end that taxes upon such plant and equipment shall be reported by the corporation in possession.

f. JOINT FACILITY RENTS: Where any plant or equipment is maintained or operated by another corporation for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such plant or

equipment over and above depreciation and other expense of maintenance and operation, such pure rent, or profit, or return upon property shall be charged to this sub-account.

NOTE.—This should be read in connection with revenue account No. C440, "Miscellaneous Gas Revenue—Commercial," under the head of "Joint Gas Rent Revenue".

g. MISCELLANEOUS RENT DEDUCTIONS: This sub-account includes all miscellaneous rents payable not elsewhere provided for.

NOTE A.—Rents for furnished offices (and for office rooms in office buildings heated and lighted by the landlord) should not be charged to this account, but to the appropriate expense account.

NOTE B.—Entries in this account must be made in such wise as to permit an analysis in the annual report of the corporation in accordance with the sub-accounts above defined.

C923. MISCELLANEOUS CONTRACTUAL DEDUCTIONS FROM INCOME.

Charge to this account quarterly all matters provided for under the following heads:

SINKING FUND ACCRUALS: This head includes month by month all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

GUARANTIES OF PERIODIC PAYMENTS: This head includes all unsecured accruals of obligations arising under contracts whereby the corporation has guaranteed the *annual or more frequent periodic* payment of money or performance of other obligation on the part of another corporation or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This sub-account does not include such matters as guaranties of payment of *principal* of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the *unsecured portion* thereof shall be charged hereunder.

LOSS ON OPERATIONS OF OTHERS: Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged hereunder.

OTHER CONTRACTUAL DEDUCTIONS FROM INCOME: This head includes all contractual liabilities arising from annual or other more frequent periodic matters and not includible under any of the foregoing heads. This sub-account includes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

C927. AMORTIZATION DEDUCTIONS.

Charge to this account in accordance with the following directions:

AMORTIZATION OF LANDED CAPITAL: Under this head charge to this account at the close of any fiscal period such proportion of the original money cost (estimated if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account under this head shall be concurrently credited to account No. 874, "Accrued Amortization of Capital".

NORM B.—When any landed capital expires or is otherwise retired from service (as *e. g.*, through sale), the capital account or other indicant account (if any) originally charged therewith shall be credited with the amount originally charged, the account "Accrued Amortization of Capital" shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

AMORTIZATION OF DEBT DISCOUNT AND EXPENSE: Under this head charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to account No. 939, "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

AMORTIZATION OF PREMIUM ON DEBT — Cr.: Under this head credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium at which such debt was issued. Such amortization may at the option of the corporation be effected by crediting all or any portion of such premium to account No. 931b, "Other Additions to Surplus," only upon the maturity of the debt.

24. Appropriations.—The balance resulting from closing the foregoing income deduction accounts for any fiscal period into gross income for that period gives the *Net Corporate Income* for the period. The net corporate income being of the same nature as the corporate surplus shall be closed into the "Corporate Surplus or Deficit" account. The group of accounts which show for any fiscal period the changes in the "Corporate Surplus or Deficit" account are designated the *Appropriation* accounts, for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period each of the appropriation accounts shall be closed into the "Corporate Surplus or Deficit" account.

25. Definitions of Appropriation accounts.—In the following definitions of the appropriation accounts the letters and numbers prefixed to the titles of the accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

931a. BAD DEBTS COLLECTED.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

931b. OTHER ADDITIONS TO SURPLUS.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NORM.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

932. EXPENSES ELSEWHERE UNPROVIDED FOR.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc., fines levied on directors, officers, and other employees and assumed by the corporation, donations to funds, to churches and other associations, and other like expenses and outgoes.

933. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall thereupon be charged to this account. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

C934. MISCELLANEOUS APPROPRIATIONS.

Charge to this account quarterly all matters provided for under the following heads:

AMORTIZATION ELSEWHERE UNPROVIDED FOR: This head includes such amortization as is not elsewhere provided for. This sub-account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

APPROPRIATIONS TO RESERVES: This head includes all optional appropriations to reserves.

GIFTS TO CONTROLLED CORPORATIONS: This head includes all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

OTHER APPROPRIATIONS: This head includes all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

938. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as have been provided for in the heretofore defined "Uncollectible Bills" account must not be included in this account.

939. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

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